

CA1 FN1
B77

13
A25
1928

CANADA

BUDGET SPEECH

DELIVERED BY

HON. WILLIAM S. FIELDING, M.P.

MINISTER OF FINANCE

IN THE

HOUSE OF COMMONS

MAY 23, 1922

AND

Speech on the Amended Resolutions in the
House of Commons, June 12, 1922



OTTAWA
F. A. ACLAND
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
1922



Digitized by the Internet Archive
in 2017 with funding from
University of Toronto

<https://archive.org/details/budgetspeech1922cana>

CANADA

BUDGET SPEECH

DELIVERED BY

HON. WILLIAM S. FIELDING, M.P.

MINISTER OF FINANCE

IN THE

HOUSE OF COMMONS

MAY 23, 1922

AND

Speech on the Amended Resolutions in the
House of Commons, June 12, 1922



OTTAWA

F. A. ACLAND

PRINTER TO THE KING'S MOST EXCELLENT MAJESTY

1922

INDEX

	PAGE.
Financial Position of Canada	3
Income and Expenditure	4
The Public Debt	7
Loans	9
Trade	11
Trade Agreements and Negotiations	13
Tariff Revision	14
British Preference	15
Trade with the United States	16
Tariff and Taxation Proposals	19
Marking and Valuation	19
Tariff Reductions and the Industries	23
Other Taxation Changes	25
Financial Situation	26
Speech on the Amended Resolutions	29
Modification of Taxation Proposals	46
Resolutions (as amended)—	
Amendments to Customs Act	51
Amendments to Customs Tariff, 1907	52
Amendments to Inland Revenue Act	60
Amendments to Special War Revenue Act, 1915	63
Amendment to Income War Tax Act, 1917	71

BUDGET SPEECH

DELIVERED BY

HON. WILLIAM S. FIELDING, M. P.
MINISTER OF FINANCE

IN THE

HOUSE OF COMMONS, TUESDAY, MAY 23, 1922

WAYS AND MEANS—THE BUDGET

Hon. W. S. FIELDING (Minister of Finance, Member for Shelburne and Queen's) moved:

That Mr. Speaker do now leave the Chair for the House to go into Committee of Ways and Means.

He said: Mr. Speaker, eleven years have passed since I last had the pleasure of delivering the Budget Speech in this House of Commons. During these years, and particularly since the year 1914, a great change has come over the financial position of the Dominion. I am sometimes afraid that the full character and the consequence of that change are but inadequately appreciated and understood by the majority of our people. That Canada has built up a very large public debt; that the interest alone on that debt calls for an enormous sum of money, greater indeed than the total expenditure of Canada but a few years ago; that we have a large pension list; and that in various ways we have added enormously to our obligations, are facts well understood by all close students of our public affairs. I think they may possibly be understood in a way, a vague and hazy way perhaps, by the broader public whom we sometimes typify as "the man in the street." He has an opinion, no doubt, that things are a little more serious than they used to be; but I do not think he has quite appreciated the full consequences of the change. Some things are happening as in the good old days. The board of trade, the chamber of commerce, the city council, the town council, and all the other excellent organizations which exist for the advancement of the community, hold their meetings and pass their resolves. They decide at once that for some particular thing which is dearest to their hearts they must instantly have a large appropriation, and then they send sheaves of resolu-

tions to that effect, sometimes following those up with delegations in carload lots to impress upon the Government the necessity of complying with their request. Have these people no notion whatever of the situation? It would hardly be fair to say that. Yes, they have a notion in a way; they have a formula of their own; and they will say to the ministers: "Gentlemen, of course we understand that the situation is a little more anxious than it was wont to be; of course, there is need of economy. But the particular thing we want, everyone must admit, is entirely an exception to the rule." We are all in favour of economy for the other fellow, but we are not so ready to recognize the need of economy in the case of the things that are nearest and dearest to us ourselves.

I must to-day present two thoughts which are of paramount importance. The first is as to the need, the deep and earnest need, of economy. That means that we must appeal both to members of Parliament and to the people to pass what I may call self-denying ordinances. They must not expect all the things which in the good old days they got so readily,—it may be a railway, a bridge, a public work of some kind, a public building, a breakwater, a pier, or any one of the numerous things which we should all like to have, all in their way useful in the development of the community, all desirable, some of them even urgent under better conditions. But it is unpleasant to have to tell people, in most cases, that these things must for the present stand aside. The second thought is that, with all the economy that we can practise, there will still be need of severe examination into our taxation system. It is not pleasant to have to increase taxes, but the fact is that under our present taxation system, I am afraid, with all the economy we can practise, there will not be sufficient means to meet the various obligations of the country. And so we will have to ask the consideration of hon. members and of the public in order that there may be a proper appreciation of these new conditions that have arisen.

The accounts for the fiscal year 1920-21 have been published and distributed, so that one need not dwell upon them to any extent. The budget speech necessarily takes some account of three years—the year which has passed and for which we have the public accounts, the year that is sometimes current—in this case it happens to be just finished;—and we have to have some regard to the year ahead.

INCOME AND EXPENDITURE

For the year 1920-21 the public accounts show what is called a surplus, to the amount of \$73,268,391. Old members

may recall the discussions that have taken place in this House from time to time with regard to the manner in which a surplus is declared. A Finance Minister who has the good fortune to produce a surplus—I have had that good luck on a number of occasions—may find, and very often will find, that he meets with this criticism: Oh, you have no such surplus; you actually have run into debt during the year. The method in the past of showing a surplus has been to take what is called the ordinary expenditure of the country—the everyday expenditure, if I may so call it—and set against it the revenue of the year, which left you either a surplus or a deficit. If that revenue is more than the ordinary expenditure you will have a surplus; if it is less than the ordinary expenditure you will have a deficit.

But every year there are expenditures which do not appear in that calculation. The objection made in times past was well founded. It was and is a fact that there are always expenditures of a special character, and the criticism that has been made in times past is in that respect correct. The distinction that is drawn between capital expenditure and ordinary expenditure has often been a subject of debate. This much is clear, that where you have important public works, large undertakings—such, for example, as this building—they are a legitimate charge to capital account. There is very often much dispute as to what is a proper charge and what is not, but I have observed that notwithstanding criticism of that character, whenever a change of government occurred the new Minister of Finance coming into office fell into the old ways and claimed a surplus even when the country was running into debt.

It is not an unfair claim to make if the facts be clearly understood. It has always been the method by which our public accounts have been conducted. So when the accounts for 1920-21 claimed that there was a large surplus of \$73,000,000, the method of bookkeeping was being followed that had existed in the past, yet as a matter of fact during that year there was actually an increase in the public debt of \$92,000,000 and over, the difference, of course, representing the charges to capital and special account and that now ever-growing account, the railway service of the country.

If we turn to the year 1921-22, the year that has just closed, although the accounts are not quite complete we are sufficiently informed to be able to make a substantially correct statement of the outcome.

The income tax and business profits tax for this last year show an increase of \$14,276,774 over the receipts of the

previous year. That, of course, is very gratifying; but on the other side the Customs Department shows a decrease of \$57,000,000. The total revenue from all sources we place at \$381,271,000, against in 1920-21 \$434,386,000. There was, therefore, a very large decrease in the revenue of the year.

The expenditure charged to consolidated fund was \$348,145,000, a decrease of \$12,972,000, as compared with the previous year. With a revenue of \$381,271,000, and an expenditure on consolidated fund of \$348,145,000, there is therefore an apparent surplus, according to the method which I have spoken of, of \$33,125,000 on the year just closed. There were, however, other expenses on capital account of \$23,073,000, cost of loan flotations \$80,218, demobilization \$9,180,000. Then there are other payments which are classified as investments, active or non-active; only the active investments are taken in the reduction of the public debt.

The result of the operations for the year just closed is that while we have according to one calculation a surplus, we have to acknowledge an addition to the public debt of \$86,417,000.

For the fiscal year, 1922-23, on which we have entered, on the basis of our present taxation I would estimate that the revenue would be \$332,629,000. In this we are including customs at \$103,000,000, which is \$2,500,000 less than the receipts of the past year. If our anticipations of improving business are realized, we should do a little better than this.

With regard to income tax we could not expect to be so fortunate. This tax is levied on the income of the past year, which was not a good business year, indeed, I think it was a year of exceptional depression, and the effect of that depression will be marked in the reduction of our income tax receipts for the present year. We received last year from income tax and from business profits tax \$101,500,000. We would not feel justified in estimating for the coming year more than \$60,000,000 from that source.

With a loss of revenue last year as compared with the previous year of \$53,000,000, and with a prospect of a shortage of \$40,000,000 on the income tax for the current year, the House will see that the situation is a very serious one indeed.

From these and other receipts we estimate a total revenue for the present year of \$332,629,000, based, of course, upon our present system of taxation.

The estimates of expenditure which we have submitted to Parliament called for a total of \$466,983,359. Supple-

mentary estimates yet to come will add something to this total, but I hope not much.

From our present sources of revenue we could provide for all our ordinary expenditure and have a modest surplus—in the way that surpluses are now made up—but there would still be a large expenditure on capital account and for the railways, and this would have to be provided for by additions to the public debt. That would not be a very cheerful prospect. We must soon begin to consider the question of the reduction of our public debt rather than aim to increase it. Great Britain with all her troubles has since the war paid off £500,000,000 of her public debt. The United States is making efforts to reduce her public debt. We have not only made no reduction, but we have to acknowledge a steady increase in the public debt every year since the war. Last year, three and a half years after the armistice, we increased our debt by \$86,500,000. If we cannot reduce our debt, we should at all events make strenuous efforts to guard against increasing it. We should endeavour to balance our budget, that is, to pay all classes of our expenditure. It would be a joy to me if I could tell the House that we have an expectation of that during the present year. I am afraid, however, the situation will not permit us to do so much. Let us ever recognize our obligation to move in that direction and make every possible effort toward the end in view. We cannot do this if we are content to rest on our present methods of taxation. Even if our estimates of revenue, which are conservative, should be exceeded—and I hope they will—we shall find ourselves short by a considerable sum. If we are to avoid that situation we must accept the responsibility of additional taxation.

THE PUBLIC DEBT

I want to call attention now to the increase of our public debt. Against the gross debt are set off what are called the assets of the Dominion. In former years practically all our assets were treated as good. When the amount was not very great in proportion to our business, perhaps there was no need of any discrimination, but when these assets, under the operation of our railways, grew to very large figures, it became desirable or necessary that there should be discrimination. My predecessor in office, very properly I think, made that discrimination by dividing those assets into active and non-active. It makes no difference with regard to the general expenditure, but if only the good assets are set off against the gross debt we get a fairer statement of the real debt of the country. Now, we are continuing this method of treating the

assets: we treat these railway moneys as loans. Perhaps there can be some just objection to that. The Grand Trunk and the Canadian Northern are now virtually owned by the Dominion of Canada, and when we advance money to them we are, in a sense, lending money to ourselves. When we represent these debts as assets, a keen critic might find some fault. But it may be that it will be necessary to continue that system; we are following out the accounts for 1922 in that way. There may be an advantage and a convenience in separating the railway operations from the rest of our expenditure. However, there is another view of the matter. We have a justification for charging to capital or to a special account some particular thing—the building of a railway, for instance. Various classes of public expenditure having permanent results may properly be classified as assets, may properly be classified under capital account. But if from year to year we are to provide for the ordinary expenses of the railway; if we are to provide for the deficit, the difference between receipts and expenditure; if we are also to provide large sums for interest on the bonds and other securities of these so-called railway companies—if we are to do that unfailingly every year, with a reducing figure we may hope, it will be open to some to say, with much justice, that this is no longer a special account but part of the ordinary expenditure of the country; and if so, that ordinary expenditure should be included before we undertake to declare a surplus. However, as I said a moment ago, there may be some advantage in keeping the accounts of the railways for the present as separate and apart from the others. If we clearly and definitely understand the nature of the transaction, I suppose there may be no serious objection to it.

The net debt on the 31st March, 1914—I am taking that year as one of great events—was \$335,996,850. That was the accumulation of half a century of confederation. It included what remained of all the old provincial debts taken over by the Dominion. It included the construction of great public works. It included what we once thought were large expenditures. The result of it was that that debt in 1914 was a shade under \$336,000,000. That was considered in its day a large debt, and many a speech was made in this House as to its magnitude, many a cautious member wondered how we were ever going to stand it. But what are we to say of it to-day in comparison with the enormous debt that we now have? As against a little less than \$336,000,000 in 1914, our estimated net debt on the 31st March of the present year was \$2,427,296,798. Our largest increase was in 1920—\$674,000,000; the smallest increase was in the year recently closed—\$86,000,000.

LOANS

During the year four Canadian government loans have been floated. Three of these have been in the names of the railway companies and one a direct government obligation. We still keep up the theory of corporations in regard to these railways; the railway loans are issued in the names of the railway companies, with guarantees by the government. As a matter of fact, the government to-day are both makers and endorsers of those securities; so that practically they are now government loans. Three of these loans, therefore, have been railway loans guaranteed by the government; the fourth was a direct government loan, of which I shall speak in a moment. In July, 1921, there were sold \$25,000,000 of $6\frac{1}{2}$ per cent Canadian Northern Railway bonds guaranteed by the government. These were sold at $92\frac{1}{2}$; they were afterwards sold to the public at $96\frac{1}{2}$. There was thus on that transaction a clear margin of profit to the buyers of 4 per cent—the spread between what the government got and what the investors who got them, paid. This, I think, indicates that it was rather a better transaction for the buyers of the bonds than it was for the government. In September, 1921, a \$25,000,000 fifteen year 6 per cent loan of the Grand Trunk, guaranteed by the government, was placed. It was sold in New York to realize 92; subsequently it was issued to the public at $95\frac{1}{4}$, a spread in this case of $3\frac{1}{4}$ per cent—a little less than in the case of the previous loan, but still a pretty large margin for a transaction of that kind. A third loan was one of \$11,000,000, floated by the present Government in March of this year, \$11,000,000 of three year Canadian Northern Railway five per cent notes guaranteed by the government. We needed \$11,000,000 to retire obligations of the Canadian Northern Railway arising in New York and London. We thought the arrangements that had been made on former occasions for the sale of these bonds had not worked out to the advantage of the Government, and we adopted a different method: we invited tenders in New York for the loan, received the bids, awarded the contract, and sold these notes at 99.03. They were sold again to the public at $99\frac{5}{8}$, a spread between what we received and what the investor paid of 59 cents on the \$100, as against \$4 on the hundred in one case and \$3.25 on the hundred in the other.

Then, we come to the \$100,000,000 5 per cent loan which we recently placed in New York. That loan was to run thirty years, with our right to redeem it, if we wished to do so, in twenty years. It was sold at $97\frac{1}{2}$; it was afterwards placed

on the market at par. Some reference has occasionally been made to commissions. I ought to say that the word is not appropriate. In all these transactions to which I have referred there was no question of commissions; the price mentioned in each case was the net price received by the Government. Our \$100,000,000 loan sold for $97\frac{1}{2}$ net; there were no commissions or charges of any sort to reduce it. We shall probably need for our financial operations some further borrowing at no distant date. I am hoping that when the moment arrives the condition of the money market in Canada will be such that we can have a domestic loan. I think many people regard it as important that we should place our loans at home, because the interest then is payable to our own people. That is an excellent idea, but it may be pushed too far. There are times when it would be manifestly advantageous to Canada to go abroad. But to begin with, times are not so favourable now for placing loans at home. The loans which were so successfully placed a few years ago had for their support the war spirit and the war fever of the time. Men entered into these transactions largely from patriotic purposes, and they had money to invest in those days, for money was being made. That situation is not exactly repeated to-day. The last year has not been a good business year. Not many men have made money. Not many men have money to invest in government bonds to-day, and there is no longer the patriotic zeal for the war. A loan to-day must be looked upon as a cold-blooded proposition. It might be you would have to offer, to induce our Canadian people to invest in a loan, a higher rate of interest than could be obtained elsewhere. On anything like even terms I should prefer the domestic loan, if the money is available.

There is still another thought. Canada is still, I won't say an undeveloped country, but a partially developed country; Canada will still have to be a borrowing country for many years. We shall have to go abroad for capital. If we have too much money locked up in government bonds at home, there will be less money available for mortgages and industrial enterprises in this country. Much will depend on the condition of the money market. If there is an abundance of money, it may be wise for us to have a domestic loan. If there is not an abundance of money, it may be wise to go abroad, because if foreign capital is to be brought in it is easier for the government to bring it in probably than it would be for others. We may still hope, however, that conditions will favour a domestic loan when the moment arrives for us to make another move of that kind.

There is an interesting account that we have with the British government of which it is perhaps worth while passing mention should be made. In the early days of the war, arrangements were made by the government of the day with the British government whereby moneys were advanced by the Mother Country for the payment of our troops in England and France. For a considerable time that continued, and at one time we owed a very considerable amount to the Imperial government. In 1915, on December 31, we owed the British government almost \$141,000,000. Then a change took place. The British government desired to buy munitions and supplies of various kinds in Canada, and they arranged with the Canadian government that advances should be made in Canada to the charge of the British government. Since that point was reached, the account has turned the other way, and we have ever since that been the creditor of the British government to a large amount. At one time, on the 31st of August, 1919, the British government owed us the enormous sum of \$333,000,000. On March 31, 1922, the year just closed, subject to some questions of readjustment with regard to exchange, Great Britain owed us on that date, \$117,859,630. Arrangements have now been made by which this account is to be paid off in installments of \$5,000,000 per month. We have received two payments of that character and no doubt in due course the whole matter will be settled.

TRADE

Coming to the question of our trade, the effects of the depression of the past year are clearly seen in the returns of our import and export trade. As compared with 1921 our imports from the United Kingdom fell from \$213,000,000 to \$117,000,000, and our imports from the United States dropped from \$856,000,000 to \$516,000,000. Our exports to the United Kingdom held better, the amount for 1922 being \$299,000,000, and for 1921 \$312,000,000. Our exports to the United States showed the course of the decline, being \$293,000,000 against \$542,000,000 in the previous year. I do not wish to ask the privilege of the House to put in many statistical documents, but there is one statement prepared by our Bureau of Statistics which I shall ask the House to let me insert. It shows in a condensed form the trade of Canada with each country of the world for a number of years. It will not occupy a great deal of space, and it presents that aspect of the matter in a very quick form. If the House has no objection, I shall see that it is included in my speech.

(The following is the statement referred to):—

IMPORTS AND EXPORTS BY PRINCIPAL COUNTRIES

	Twelve Months ended March		
	1920	1921	1922
IMPORTS FOR CONSUMPTION	\$	\$	\$
United Kingdom.....	126,362,631	213,973,562	117,134,570
Australia.....	1,371,775	791,980	1,041,027
Bermuda.....	55,604	76,959	98,246
British East Indies.....	16,236,412	14,307,404	8,928,420
British Guiana.....	7,412,931	9,085,108	6,166,664
British South Africa.....	735,948	146,798	127,738
British West Africa.....	174,928	104,719	19,202
British West Indies.....	12,114,790	14,833,746	8,113,453
Hong Kong.....	3,208,836	3,516,760	2,114,394
Newfoundland.....	2,146,414	2,886,203	1,387,766
New Zealand.....	3,494,600	4,219,965	1,783,500
Other British Empire.....	1,036,790	2,059,484	2,144,672
Argentine Republic.....	3,402,554	2,552,831	2,355,100
Belgium.....	911,407	4,693,368	3,817,931
Brazil.....	1,973,768	2,151,066	1,495,245
China.....	1,205,229	1,897,349	1,411,135
Cuba.....	17,585,528	30,743,239	13,042,568
France.....	10,630,865	19,138,062	13,467,803
Germany.....	44,255	1,547,685	2,006,513
Greece.....	729,830	817,157	1,033,981
Italy.....	999,040	1,745,330	1,387,370
Japan.....	13,637,287	11,360,821	8,192,238
Mexico.....	2,648,915	2,185,399	3,798,202
Netherlands.....	2,266,169	4,237,791	4,002,145
Norway.....	461,848	616,978	409,359
Roumania.....		688	688
Sweden.....	360,353	55,927	245,295
Switzerland.....	7,758,051	14,143,448	8,671,608
United States.....	801,097,318	856,176,820	516,105,107
Other Foreign Countries.....	24,464,047	19,592,235	17,302,386
Total imports.....	1,064,528,123	1,240,158,882	747,804,332
EXPORTS (CANADIAN)			
United Kingdom.....	489,152,637	312,844,871	299,361,675
Australia.....	11,415,623	18,112,861	10,678,600
Bermuda.....	1,249,020	1,523,992	989,113
British East Indies.....	6,762,259	6,388,898	2,341,175
British Guiana.....	3,109,381	3,594,118	2,298,105
British South Africa.....	8,649,756	14,648,879	3,890,390
British West Africa.....	1,067,639	666,576	144,778
British West Indies.....	10,869,276	13,030,225	9,976,969
Hong Kong.....	1,343,867	2,000,825	1,411,699
Newfoundland.....	16,175,443	16,676,728	9,317,639
New Zealand.....	6,987,008	11,873,000	4,128,531
Other British Empire.....	5,006,094	2,091,246	1,303,224
Argentine Republic.....	6,126,457	8,171,980	3,233,423
Belgium.....	28,463,855	40,252,487	12,359,300
Brazil.....	2,703,488	2,835,191	2,002,449
China.....	6,665,805	4,906,570	1,900,627
Cuba.....	6,329,783	6,573,768	3,974,432
France.....	61,108,693	27,428,308	8,208,228
Germany.....	610,528	8,215,337	4,509,547
Greece.....	29,588,984	20,834,577	5,247,035
Italy.....	16,959,557	57,758,343	15,335,818
Japan.....	7,732,514	6,414,920	14,831,520
Mexico.....	410,825	1,086,197	1,197,597
Netherlands.....	5,653,218	20,208,418	9,582,924
Norway.....	4,798,299	5,119,365	2,599,447
Roumania.....	12,953,605	3,801,584	15,383
Sweden.....	4,449,105	5,528,361	1,220,196
Switzerland.....	1,484,416	1,410,777	345,626
United States.....	464,028,183	542,322,967	293,906,643
Other Foreign Countries.....	17,636,780	22,842,332	13,928,587
Total exports.....	1,239,492,098	1,189,163,701	740,240,680

TRADE AGREEMENTS AND NEGOTIATIONS

Several things have happened with regard to the tariff lately with other countries. An agreement was made by the late government, as the House will remember, with the British West Indies, which came into operation at an early date, and affected most of those islands. One of the islands, however, which remained outside for a considerable period, was Jamaica, but she has now joined the arrangement, and the agreement of that day is in force as between Canada and all the British West Indies.

We have many inquiries with regard to our relations with Australia. There have been communications for some time, under the late government, and under the present government, with the Australian government in relation to that. In the early days of our preferential arrangements, one of the Australian colonies received the benefit of the preference. New South Wales was a low tariff country and she was entitled to the preference. The neighbouring colony of Victoria had higher tariffs, and was not entitled to the preference. Soon after the Australian Commonwealth was formed a new tariff was adopted, which was less favourable than that of New South Wales and from that time forward Australia has not had the benefit of our preference. Efforts have been made by the late government and by this to bring about a friendly arrangement between the two countries. Recently a member of the Australian government passed through Ottawa and we had an opportunity to discuss the subject with him. He manifested a warm interest in the matter and gave us every reason to expect that the Australian government would take a friendly view of our proposal. Thereupon we proposed to the Australian government that they should give us the preference which the United Kingdom enjoys, and we in return would give them the benefit of our preference. That proposal has not been accepted nor have we received any counter-proposal. However, we fully anticipate that some opportunity will occur for further negotiations, and our hope is that we will be able to make a satisfactory arrangement with the Australian Commonwealth.

Not many months ago this House ratified a treaty that had been made with France. It seemed to have been of a temporary character, contemplating a larger treaty at a later date. I believe the French Consul General approached the late government with a view to further negotiations, but the time was not then deemed opportune and nothing was done. We have recently been asked by the French Consul General

to take up the matter, and have intimated our willingness to do so. That is the way the matter stands at the present. I hope at no distant date we shall have some further negotiations, and possibly we may be able to revive the old treaty with France, or make some other treaty which will be fair and just to both sides.

TARIFF REVISION

Now I come to the question of tariff revision. In the Speech from the Throne His Excellency the Governor General said:—

You will be invited to consider the expediency of making some changes in the Customs Tariff. While there are details of revision, the consideration of which will require time and care that are not at present available, there are features of the tariff which it is felt may properly be dealt with during the present session.

The work of tariff revision may be divided into two parts. What I shall call part 1, the part which most concerns the public, I think, is that which touches the revision in the direction of reduction, if there is to be a reduction, in the duties of customs. That is probably the subject most keenly interesting both to those desiring the reduction and to those who do not desire it. The other part relates to what I may call readjustments in a different way. With the progress of time new conditions arise, new interpretations of the Customs tariff are given, new questions come before the Board of Customs, allegations are made that there is inequality between the duty on the raw material and the duty on the finished article. Many questions of that kind arise, not of wide concern to the public generally, but each of concern to some interest which is affected by it. There may be questions of that character to which we shall have to give attention at another time. Some of such there certainly will be, perhaps not so many as some people imagine, but with that portion of the question which relates to the matter of tariff reduction we propose to deal at once.

The line upon which we ought to be expected to deal, and upon which we intend to deal, is expressed in a resolution that I had the pleasure of moving in this House a year ago:—

That, while recognizing that existing financial requirements of the Dominion demand the maintenance of a Customs Tariff, the House is unable to concur in the declarations by the Government that the tariff should be based on the principle of protection; the tariff is a tax, and the aim of legislation should be to make taxation as light as circumstances will permit;

That the aim of the fiscal policy of Canada should be the encouragement of industries based on the natural resources of the coun-

try, the development of which may reasonably be expected to create healthy enterprises, giving promise of enduring success;

That such changes should be made in the Customs duties as may be expected to reduce the cost of living, and to reduce also the cost of implements of production required for the efficient development of the natural resources of the Dominion;

That, while keeping this aim clearly in mind, the House recognizes that in any readjustment of the tariff that may take place, regard must be had to existing conditions of trade, and changes made in such a manner as will cause the least possible disturbance of business.

This resolution declares for tariff reduction—a tariff reduction that should be made with great care, guarding against any interference of a serious character with the business of the country. The policy so laid down is the policy we are prepared to carry out to-day. With the exception of one item, an increase for strictly revenue purposes, every change I shall propose to-day is a reduction in the Customs tariff; it is a revision downward at every point.

BRITISH PREFERENCE

We maintain the British preference which the Liberal government established in 1897 and 1898. When that principle was adopted by the Canadian government it gave offence for a while to some of the people of other nations. Germany, in particular, took offence at it, and for a while undertook to penalize us because of the action we had taken. Other countries, perhaps, did not like it, but still took no very strong part against us. Germany and Belgium were in a particularly favoured position. Other nations had the benefit of what is called “favoured nation treatment.” That is, that any nation having what is called a “favoured nation” treaty shall, at all times, be on even terms with any other nation. That is the general principle of what the favoured nation condition requires. Germany and Belgium had more than that. Germany and Belgium had made treaties—Lord Salisbury called them “those unlucky treaties”—under which they had a right to claim not only the same conditions that were extended to other foreign nations, but the same terms and conditions that were extended to our Mother Country. We had to get rid of those old treaties before we could establish the British preference, and in the end we did.

In the United States some objection was taken, but not in an official way. There was a good deal of discussion in the American press as to this, as was said, “unfriendly act”; but the American government never took objection. When the matter came up they understood that it was entirely a question within our own family circle. And that is the situation

to-day. We stand by the British Preference to-day, and the world recognizes that it is our right to make any arrangement we desire within the Imperial family without any other nation having cause to take offence at it. So we adhere to the British Preference in the arrangement we make, and the effect of the change that we make will be to increase, in some respects, that preference.

TRADE WITH THE UNITED STATES

For many years we regarded the United States as pursuing an unfriendly policy towards Canada in tariff matters. I do not think it was ever deliberately intended to penalize Canada; but we were the nearest neighbour and the tariff policy of the United States unquestionably did seriously affect us, and produced a good deal of hostile feeling in Canada; for years we had reason to complain and we did complain. There came, however, a happier moment when a change occurred. There came a moment when the American government sent representatives to Ottawa to ask us to reopen negotiations, and see whether we could not come to a friendly arrangement. The result of that negotiation—first held in Ottawa and afterwards in Washington—was the making of a comprehensive agreement. It was not a treaty but a comprehensive agreement which was entered into in 1910-11 as the House will remember. I am wondering whether we did not miss the golden opportunity then.

There is a tide in the affairs of men

Which, taken at the flood, leads on to fortune.

The flood tide of goodwill in trade matters from our American neighbours came to us in 1910-11, but unhappily the Canadian people did not accept the agreement. I do not want to dwell upon that further than to have the fact clearly understood that though, in former years, we had reason to complain of unfriendly action, at that moment we had every reason to recognize the fairness of the American government. A happy combination of circumstances arose then which has not arisen since; which perhaps may not come again. A Republican administration, an administration representing the party of high tariff, was in power at Washington; and yet that Republican administration had come to us with a willingness to give us what we thought was a fair deal. The Democratic party was traditionally a low tariff party; and so, with the Republican administration supporting the agreement, the Democratic party naturally gave it their good will.

The agreement was confirmed by the American Congress. It was not confirmed by Canada, much, as I think, to the regret of many of the people to-day who at that time did not view it with favour. Now many things have happened since that time. The Democratic party coming into power established trade arrangements which, for some years, gave us some of the benefits which reciprocity would have given us. The Democratic tariff gave us a chance still to do business, and we did a very extensive business. Unfortunately, however,—no I should not say that; we do not want to meddle in the politics of our neighbours—the people of the United States in their wisdom turned out the Democratic party, and the Republican party were restored to power. Since they were restored to power they have introduced what is called the Fordney Emergency Act, which deals largely with agricultural products. That Act unquestionably worked great harm to the Dominion of Canada, and especially to our western provinces. There is no doubt in the world—we may frankly acknowledge it—that the trade relations that had grown up between the two countries were sadly marred by the Emergency Tariff Act, and our western country in some branches of industry—notably the cattle business—has suffered severely in consequence. Now there is another Tariff Bill at Washington—a bill that has passed the House of Representatives and is now before the Senate—which proposes to enlarge on the Fordney Emergency Act. It includes, I think, all the duties of that Act, and in some instances they are increased. It proposes to establish a schedule of duties which is very high indeed. We have no right to complain of our American friends for doing that; but if they assume that position they cannot expect us in Canada to be as willing as we otherwise would to deal liberally with them. If our American brethren try to persuade themselves that you can sell all the time and never buy, we can only regret that they are failing to understand an economic truth; but since they want to pursue that policy we regret it because it must affect our own attitude towards them. I have had the privilege of being at Washington to discuss this question. I have had the opportunity to say to the President of the United States, and to the leading Congressmen of the Union, that Canada, notwithstanding the events of 1911, was prepared to open negotiations. We were glad that we had a friendly offer before. We were sorry on account of the difference with respect to it amongst our own Canadian people. However, we thought that was past and gone. We thought that the Canadian people to-day were prepared—at all events we the Government

of Canada were now prepared—to undertake negotiations with the desire to obtain something like the agreement of 1911. Anyhow we took that course feeling that it would bring about better relations, believing that good relations will be better for both countries. We do not say that we are dependent on the United States, and still less that the United States would admit that they are dependent on us; each country can live and prosper and flourish without the other, but both will live and prosper and flourish more if they have friendly relations and intercourse as good neighbours should. A distinguished American, who himself was closely identified with the reciprocity movement in 1911, said some months ago that if the reciprocity movement was ever to be revived it must come from Canada. The United States, having made a friendly offer which was rejected, could not be expected to come to Canada again. That was a fair criticism. It was our move; we have made the move, and we have intimated to the American Government in the way that I have described, that we are quite ready to re-open negotiations, with every desire to make a friendly arrangement. Whether anything will come of that or not remains to be seen. For the present, while our American friends are not prepared to meet us in the generous spirit they did in 1910 and 1911, while, in their judgment, it is necessary to adopt the high tariff policy which is now before Congress and which, in all probability, will become law, they will surely admit that, at such a moment, they cannot reasonably expect us to make concessions towards them. Therefore, we propose to hold our hands in that respect and to await the turn of events at Washington. We shall be open at all times to friendly negotiations; but for the present, we are about to make tariff reductions which we are not prepared to extend to them. Whether we shall later be able to extend any of them to the United States or not depends entirely upon the attitude which they assume. I think myself there is a hope for better things. The bill at Washington is not universally popular; there is very strong opposition to it, and there is a possibility that it may not pass. But at all events, I think—and I am sure the House will agree with me—that until we have a clear understanding of what our American friends are going to do, we should hold our hands as regards the United States.

The reductions which we are going to make are almost entirely in the British preference. We are not going, except in a few cases, to reduce duties on American goods, which come to us under the operation of the general tariff. There are a few things which we desire in Canada, which can be obtained

most conveniently from the United States. As regards agricultural implements, for example, to offer a reduction of the British preferential tariff on agricultural implements would only provoke a smile, because such things are not brought from Great Britain; they are made in the United States. In that case, and in a few similar cases, we reduce the tariff on American goods, that is, the general tariff, because that is the tariff that applies; but speaking broadly and generally, our reductions are being made in the British preferential tariff and not in the general tariff which would apply to the United States.

MARKING AND VALUATION

I shall come shortly to the details of what we propose in that direction. Meantime, let me say that there are some other features to which I wish to call attention. The budget of last year introduced a number of features which, though I am sure they were well intended by the minister who introduced them, did not work out well. They have proved to be unsatisfactory, and I think there is no question about that now. One of these provisions was an amendment to the Customs Tariff Act providing that all goods that were imported should, where possible, be marked, stamped, branded and so forth, and penalties were imposed for failure to do this. The government which passed that regulation evidently had occasion to reconsider their judgment on the matter; at all events they were reluctant to enforce it. The law required that the act should take effect on the 31st of October, 1921, I think it was; but when that date arrived, the then government decided that they would not enforce the act, and they gave notice by Order in Council that its enforcement was postponed until the 31st of December. When the 31st of December came, another Government was in power by one day—it got in on the 30th—and the Minister of Customs and Inland Revenue of the present Government shortly after advised that the thing was unworkable and that it be postponed until the present Parliament should be consulted. We are now in a position to determine what to do. Our opinion is that, as a general law, this provision should be repealed. We propose, in any particular case of an exceptional character, when there are reasons why articles imported from abroad should be marked, that we should have the right by Order in Council to deal with the matter; but we propose that, as a general law, this provision shall be repealed.

Another provision of that kind was with regard to the valuation of goods. The time-honoured system of Canada was that the value of goods for customs purposes was the fair

market value in the country of production. That has been our custom for ages. A proposal was made last year to enact that the customs officer must determine the value; that the value for duty must be not less than the cost of production in the country which produces the goods, plus a fair profit. How an unfortunate customs officer, any one of the hundreds scattered throughout Canada, was going to be able to determine the cost of production of these things in a far-away country, I cannot readily understand, and still more would be his difficulty to determine what, under all the circumstances, was a fair profit. However that may be, we are of opinion that that also is an unnecessary interference with trade, and we propose to wipe it out.

Another regulation of a somewhat similar character dealt with the question of depreciated currency. The German mark, for example, is normally worth nearly twenty-four cents; it is actually worth to-day one-third of a cent. The act of last year provided that in no case should depreciation of currency be recognized below 50 per cent. That is to say, in the case of German trade, whatever might be the value of goods, for customs purposes the mark was to be declared worth 50 per cent of its original value; that is, roughly speaking, it should be worth about 12 cents. The normal value of the mark is 24 cents; it is declared to-day to be worth 12 cents, whereas, the actual value to-day is one-third of a cent. What you do by this is really to multiply the duty by a fictitious value, to multiply it by 36 times to-day. That is to say, the thing which is worth only one-third of a cent, you say shall be worth 12 cents. That multiplies its value, as I said, 36 times. So, while you keep up the pretence of a duty of 35 per cent, you are actually taxing those goods 1000 per cent. If you want to say that German goods shall be prohibited, say so; if you shrink from saying that in such a direct way, then put on the 1000 per cent duty; but do not humbug the world at large by pretending that we have a duty of 35 per cent when the real duty is about 1000 per cent.

Another feature of the matter to which I should like to draw attention is this: The design, no doubt, was to give an enhanced protection to some industries which desired it; but what was the effect? The late government have not succeeded in shutting out German goods. What they have succeeded in doing is in shutting out the Canadian merchant from an opportunity of doing direct trade and in obliging him to pay tribute to somebody else. For example, if a merchant in Holland buys goods in Germany, takes them to Holland and then sells them to a merchant in Canada, the invoice is expressed, not in

German marks, but in the currency of Holland which is not depreciated. The Hollander is allowed to purchase the goods at their real value, and the Canadian merchant can go to Rotterdam and buy the goods; but he has to pay the real German price plus the cost of transportation to Holland, plus the Holland merchant's profit—that is, the invoice price of the goods. The Canadian merchant can bring the German goods into Canada in that way; but he cannot bring them in direct. He can do better than that: he can go to England, where there is no duty. The English merchant can buy the German goods at the real value of the mark; he takes them to England, and he sells them to the merchants in Canada at an English price. The merchant in Canada still gets the goods; he is getting them to-day; but he has to pay tribute to the merchant in Holland or in London, and the real effect of this is to prevent the Canadian merchant from doing a direct trade and to oblige him to pay tribute to somebody else. We propose to abolish the whole thing.

Another regulation at that time—it was a busy time in the Budget last year—contemplated the establishment of commercial agencies abroad and the requirement that a commercial agent of Canada should have his certificate attached to every invoice of \$100 or more. It could be seen at once that if that was to be effected, we would have to have a large army of commercial agents, scattered throughout the wide world. After adopting that, the government seem to have had some hesitation in applying it. They did not bring it into force at once. They provided that it should be brought into operation by order of the Governor in Council. They have never brought it into operation. To-day it is a dead issue and we propose to make it doubly dead by wiping it out.

We are making a numerous list of reductions. I shall not detain the House by giving every one. My recollection is that there are forty-nine or fifty items in the tariff that are affected. The resolutions to be placed on the Table immediately will give them all in detail. In the meantime I can state some of the particular items. Last year an arrangement was made whereby the duty on alcohol was increased to a very high figure. It is now \$9 per proof gallon. Provision was made that in the case of men engaged in the making of pharmaceutical preparations, where they are largely engaged in the business, and are put to the expense of keeping a bonded warehouse, they are allowed to get alcohol at \$2.40 per proof gallon as against the rate of \$9 charged others. Now, the druggists of Canada, a very large and respectable body, require alcohol in the making of various preparations, and they are obliged

to pay a duty of \$9 per proof gallon for it, while the man who has a big warehouse and does business on a large scale pays only \$2.40. We think that is inequitable. It was a great mistake on the part of the late government to adopt that scale, and we propose now that the druggists of the country shall be allowed—and we think we can devise a scheme whereby this can be done—to obtain alcohol for their own legitimate purposes, for the manufacture of the preparations they make, at the same rate enjoyed by the large manufacturing concerns. Of course, it is a matter that might easily lend itself to abuse. I realized that, and my first thought was that there might be a danger of that kind. The druggists of Canada, however, are a most respectable body. They are, as a rule, among our foremost citizens, being organized under provincial laws, and I do believe that they will be only too anxious to see that this privilege is not abused. We believe, at any rate, that we can surround it with devices that shall make it absolutely sure that the druggists will use the alcohol only for their legitimate purposes and in no other way. We are doing this in order to meet what we feel to be a reasonable demand on the part of a large section of the Canadian people.

Now I shall give an imitation of some of the reductions in duty that have been made. We are making some changes in the law respecting tobacco, and these I may as well mention. It is proposed to change the duties on cigarettes and cigars and on Canadian raw leaf tobacco when taken into a licensed tobacco or cigar manufactory. The excise duty on all weights of cigarettes is increased \$3 per thousand. The present rate is \$6 per thousand for cigarettes weighing not more than 3 pounds per thousand, and \$11 on cigarettes weighing more than 3 pounds. It is proposed to increase the rate in the customs tariff on imported cigarettes from \$4.10 per pound, and 25 per cent, to \$5.25 per pound and 25 per cent. It is estimated that the increase in both excise and customs tariff will give an additional revenue of over \$5,000,000 per annum, after allowing for a reduction of 10 per cent in the consumption owing to the increased rate. The consumption of cigarettes has grown to immense proportions in Canada, the number consumed last year being equal to 267 for each man, woman and child in the country. It is proposed to readjust the duties on cigars. This will have the effect of reducing the duties on the low priced, and increasing it on the higher priced, cigars. The intention is to impose a graduated rate according to the value of the cigars. At present there is a tax of \$6 per thousand irrespective of the value or character of the cigar. We want to introduce something like the principle of *ad valorem*, so that a cigar of medium

character will still pay about the same rate, while the more expensive cigar will pay a higher rate. We think it is only reasonable that the cheaper cigars should be allowed to come in and be sold at a lower rate than the expensive cigars, and one effect will be to increase largely the consumption of Canadian native leaf.

Then with regard to the duty on raw leaf tobacco. There is a duty of 5 cents per pound on raw leaf tobacco. At present raw leaf tobacco is of very low value. I was told the other day—possibly the case was an extreme one—that the value in some cases is little more than the tax, and therefore the tax seems to be a heavy burden. We propose now not to abolish the duty altogether, but to abolish it when the tobacco is taken into a licensed tobacco or cigar factory. We think that in that way it will lead to an increased quantity of native tobacco being used in the cigar factories, and when the tobacco is used in the factories we shall get the duty of 20 cents per pound. This, therefore, is a move that is intended to help the native tobacco industry, which we all desire to see flourish, while it will not involve us in any considerable loss of revenue.

REDUCTIONS AND THE INDUSTRIES

There are some reductions in duties to which I desire to draw attention. These reductions of duties will benefit the several industries on the following articles. First, I take the farming industry, in relation to which reductions include:—

	Per cent
Mowing machines, harvesters, binders and reapers, reduced under the general tariff	2½
Cultivators, harrows, horse-rakes, seed drills, manure spreaders and weeders, reduced under the general tariff	2½
Ploughs and threshing machines, reduced under the general tariff	2½
Milking machines, reduced under the general tariff	5
Vegetable grading machines, reduced under the general tariff	5
Nearly all other agricultural implements are reduced under the general tariff	5

There is a corresponding reduction on these articles under the British Preferential Tariff, but practically all are imported under the general tariff. Tractors for farm purposes valued at \$1,400 or less and parts thereof, are now free by Order in Council: It is proposed to make these articles free by Act of Parliament. Wrought iron tubing four inches and under in diameter is reduced five per cent under both preferential and general tariffs. Wrought iron tubing over four inches and not over ten inches is reduced five per cent under the preferential tariff. Tools are reduced five per cent under the preferential tariff. Harness is reduced 2½ per cent under the pre-

ferential tariff. Farm wagons are reduced 5 per cent under the preferential tariff and $2\frac{1}{2}$ per cent under the general tariff.

For the dairying industry a reduction is made on paper milk bottle caps of $7\frac{1}{2}$ per cent under both the preferential and general tariffs.

Glass Milk Bottles are reduced 5 per cent under both tariffs.

Dairy tin hollow-ware and cans for milk and cream are reduced $2\frac{1}{2}$ per cent under the preferential tariff and 5 per cent under the general tariff.

Milking machines are reduced $2\frac{1}{2}$ per cent under the preferential tariff and 5 per cent under the general tariff.

In regard to the fruit-growing industry, fruit-grading machines are reduced $2\frac{1}{2}$ per cent under the preferential tariff and 5 per cent under the general tariff.

In the lumber industry there are several reductions. Machinery for saw mills is reduced $2\frac{1}{2}$ per cent under the general tariff. Wrought iron tubing 4 inches in diameter or less is reduced 5 per cent under both tariffs. Tools and cantdogs are reduced 5 per cent under the preferential tariff.

For the mining industry: Porcelain parts of pumps are reduced from 20 per cent preferential tariff and 30 per cent general tariff to free under all tariffs. Wrought iron tubing 4 inches and under in diameter is reduced 5 per cent under both tariffs; and tubing over 4 inches and not over 10 inches is reduced 5 per cent under the preferential tariff.

For the fishing industry: Gasoline over .725 specific gravity and not exceeding .750 is reduced from $2\frac{1}{2}$ cents per gallon to 1 cent under the general tariff. Manila rope not exceeding $1\frac{1}{2}$ inches in circumference is made free of duty to all fisheries,—under the present tariff it is free only for holding traps used in the lobster fisheries. Oiled clothing is reduced five per cent under both tariffs. Oiled hats are reduced $2\frac{1}{2}$ per cent under the preferential and 5 per cent under the general tariff.

The plumbing industry benefits by the reductions already stated on wrought iron tubing and tools.

For the general public there are a number of reductions. Certain liquid medicines, non-alcoholic, are reduced 35 per cent under the preferential tariff and 20 per cent under the general tariff. Cocoa, unsweetened, is reduced 1 cent per pound under the preferential tariff; cocoa, sweetened, one-half cent per pound under the preferential tariff, and cocoa in powder form five per cent under the preferential tariff; and preparations are reduced $2\frac{1}{2}$ per cent under the preferential

tariff. On refined sugar the preference is increased from one-quarter off in the general tariff to practically one-third off.

Other reductions include the following:

	Per cent
Enamelled ware reduced under the Preferential Tariff . . .	2½
Window shades reduced under the Preferential Tariff . . .	2½
Cotton fabrics, grey, bleached or dyed reduced under the Preferential Tariff	2½
Corsets and cotton clothing reduced under the Preferential Tariff	2½
Flannels, lustres, mohair reduced under the Preferential Tariff	2½
Alpaca and Italian linings reduced under the Preferential Tariff	2½
Woollen fabrics, woollen clothing, cloths, doeskins, cassimeres, tweeds, coatings, overcoatings, and felt cloth, n.o.p. reduced under the Preferential Tariff	2½
Rubber clothing reduced under the Preferential Tariff . . .	2½
Knitted goods reduced under the Preferential Tariff	2½
Boots and shoes reduced under the Preferential Tariff . . .	2½
Collars and cuffs reduced under the Preferential Tariff . . .	5
Blankets, cotton, reduced under the Preferential Tariff . . .	2½
Clothes wringers—2½ per cent reduction under both Tariffs.	
Dairy tin hollow-ware reduced 2½ per cent, under Preferential Tariff and 5 per cent under General Tariff.	

Automobiles are now entitled to be entered as settlers' effects by farmers only. It is proposed to admit automobiles valued at not more than \$1,000 by other settlers as well as by farmers. It is also proposed to admit boats for fishing purposes by settlers as settlers' effects.

This is a long list, Mr. Speaker, and one which I hope will find favour with the House.

I have already intimated that while we could with our present taxation system meet what might be called ordinary expenditure, we are not content to do that. We could with our present sources of revenue probably meet what is called ordinary expenditure, possibly even some of our capital expenditure, but it is quite certain that if we do not adopt some other method of taxation we should be adding enormously to the public debt, and I think I speak the wish of the House when I say that that is a course to be guarded against. So we are proposing some new rates of taxation.

The sales tax we propose to increase by 50 per cent. We propose that automobiles up to \$1,200 shall pay a tax of 5 per cent, and those above \$1,200, 10 per cent. On confectionery we propose a tax of 5 per cent; on ale, beer, etc., 15 cents per gallon; on mineral waters and other soft drinks, 10 cents per gallon. Cheques now pay 2 cents. We maintain that 2 cents up to \$50, but we impose a tax of 2 cents on each additional \$50. We propose a small tax of 5 per cent on certain classes of insurance premiums which are not at present reached.

We propose that telegrams and cables, which are now taxed 1 cent, shall hereafter pay 5 cents. On transfers of stock which now pay 2 cents per \$100 share, we propose 5 cents. Beet sugar is to be subjected to an excise duty of 49 cents per 100 pounds.

The beet sugar industry is in a very fortunate position. The ordinary refiner imports his material from abroad and pays duty on it. The value he gets in the way of protection, if you call it such, is the difference between what he pays on his raw material and the duty fixed on the refined article. But in the case of the beet sugar refiner he has no duty to pay on his raw material at all, and therefore when the duty was increased, as it has been increased largely on sugar, he is getting the full benefit to an extent which he really does not need. We think he can well afford to pay a duty of 49 cents per 100 pounds, almost half a cent a pound on beet sugar made in Canada. This will not affect the price of sugar because the price is governed by the duty on the refined article, and that is not increased.

These taxes are all to be made under what is called the Special War Revenue Act, excepting beet sugar, which will be under the Inland Revenue Act.

I have already explained the change we propose in the cigar duty.

Last, but not least, we are going to ask the banks to bear some share of these new burdens which we all have to shoulder. There is at present a nominal tax of 1 per cent on the circulation of the banks, but when you come to the income tax you find that whatever the banks have paid as tax on their circulation is deducted from the income tax. We propose to abolish the exemption and say that the 1 per cent tax on circulation shall be paid and shall come into the revenue of the country. As the circulation in the beginning is really supplied by the Government—by the people of Canada, who give the banks large privileges in this way, we think this demand that they shall pay us 1 per cent tax on the circulation is not unreasonable in these hard times.

FINANCIAL SITUATION

I am not going to detain the House by referring to all the items dealt with. I shall lay the resolutions on the Table, and they of course will be scanned carefully by hon. members as opportunity occurs.

I have deemed it proper in this address to present very clearly what I regard as the gravity of the financial situation. I would not, however, have any one draw the impression that

I have a gloomy view of the future. There is, happily, a brighter side. I have unbounded faith in the resources of our country and in the intelligence and patriotism of the Canadian people. The worst of the commercial and industrial depression is, I believe, over. Already the sun of better times is beginning to shine. I do not look for any rapid restoration to prosperity, but I believe that from this time forward there will be a quiet and steady improvement. Everywhere there seems to be hope and confidence that such improvement is coming. That hope and that confidence will have much influence in bringing about a better day. If Providence sends us a blessing of good crops this year, we may look for the beginning of the prosperity of former times. While we have diversified industries, all of them entitled to careful consideration, we shall do well to remember that agriculture is and will continue to be the occupation of the largest class of our people and the industry that has the widest influence on general prosperity.

No nation in these days liveth to itself. Whether we like it or not, every country is in some degree dependent upon events in other countries. It has been a topsy-turvy world that we have been living in, and we cannot look for satisfactory conditions until the world generally recovers in some degree its balance. In our own country, if one thing more than another is necessary, it is the establishing of better relations between labour and capital.

Admirers of the British constitution claim as a virtue for it that wherever a grievance exists a way of relief can be found. Why should it not be so with labour and capital to-day? In nearly every relation of life we are obliged to submit to the judgment of authority. Why cannot labour and capital agree upon tribunals to which disputes can be referred? The lockout and the strike of to-day are evidences that our so-called civilization is still far from perfect. Why should either labour or capital deem it necessary to resort to force? The general public, whose interests are so often affected by the conflict, have a right to expect that both capital and labour will endeavour to find a better way of settling their disputes. If labour at times seems to be unreasonable, let us not forget that in the days that have gone, too often the workingman, so-called, did not receive a fair share of the wealth which his labour created; too often he saw his employer grow rich and prosperous while the workingman had little more than an existence. There has been a happy change in this respect. We cannot return to pre-war conditions. The workingman's position has advanced. His standard of living has improved. He is unwilling to go back to pre-war conditions, and nobody should

expect him to be content to do so. He has a right to expect better conditions for himself and his family than in former days. But he has duties to perform on his part. Labour has come to a sense of its power. Has it come to a sense of the responsibility and duty which should always accompany power? We cannot doubt but the mass of the workingmen, as we call them, wish to be good citizens of Canada. They hold interests in common with other classes of the community. They have wives and mothers and children and homes to protect, and protection for these can only come when law is upheld and order observed. There are so-called labour leaders who, unfortunately, preach the doctrine that the employer is the enemy of the workman. They preach the doctrine that the workingman should play an entirely selfish part, that his duty is to get all that he can in the way of wages and give as little as he can in the way of labour. Such men are a menace to the true interests of labour as well as to the interests of society generally. There are in Canada many labour leaders who refuse to preach these dangerous doctrines and who, while zealous in defending the interests of labour, are no less zealous in maintaining the interests of society. Let us pray that on this vital question capital and labour may alike recognize their responsibilities, that they may put aside every temptation to play a selfish part and co-operate in efforts which will mark Canada in the eyes of the world as a land of peace, and progress, and prosperity.

(The resolutions, as amended later, are printed at the end.)

SPEECH ON THE AMENDED RESOLUTIONS

BY

Hon. W. S. FIELDING, M.P.

IN THE HOUSE OF COMMONS, JUNE 12, 1922

Hon. W. S. FIELDING (Minister of Finance): Mr. Speaker, my first duty—and it is a pleasure as well—is to offer my grateful acknowledgment of the very many kind words that have been said in the course of this debate concerning myself and my public career. In what, I suppose, must be called the evening of life it is a pleasure to me to feel that, in a somewhat long political career, through all the storm and strife which seem to be incidental to political discussion, not only have I had the good fortune to have the loyal support of the great party to which I belong, but it has been my great good luck, I so count it, that, in almost all these movements, I have had, in a very large degree, the goodwill and friendship of hon. members whose sense of public duty obliged them to differ from me. For all the good words that have been said from all portions of the House, for the loyal support of friends, and the very generous observations of my political opponents, I desire to offer sincere thanks.

Before I proceed to inform the House of the changes which the Government desire to propose in the budget resolutions, I shall ask permission of the House to call attention to some of the criticisms that have been offered. The field is a broad one, and the temptation is strong, but I shall try to resist it, except to deal with a few points. First, let me say that I shall deal with the attitude that has been assumed by my good friends of the Progressive party in relation to this budget. I think we had a right to expect a rather more generous criticism of the budget than has come from them. We expected no help, no aid and no sympathy, from my hon. friends of the official Opposition. It is not their business to be pleased with anything we do, naturally. On the trade question there is a broad line of demarcation between the official Opposition and the Government. They boast that they stand for protection. We of the Liberal party have never stood for protection, and we do not stand for it now. In our resolution of the last session, which I had occasion to read at an earlier stage of this debate, we distinctly took issue with them on that ground. They declared for protection. We declared in our resolution that we were not prepared to accept that principle.

Our Progressive friends do us the justice of saying that, as far as we have gone, the budget is all right, but they think it should go much further. Well, from their point of view, it is reasonable, perhaps, that they should think that. But then most of us learn that we cannot in all things have our own way. All political matters are essentially matters of compromise, in some degree, and, so long as the compromise is not one of principle, there is no reason why men should not compromise, because it is only by a policy of that nature that government can ever be carried on. So I say to my friends the Progressive party, that they are not asked to compromise any principle, but if they believe, as most of them have said, that as far as the budget has gone, it is in their direction, then it seems to me they should be willing to accept it, they may say, as a temporary measure; but, whatever view they may want to take of it, it is a step in the right direction, and, for that reason, I think they should give it their support. A year ago the Liberal party voted for a certain resolution. I read it in the House before. May I call attention again to a portion of it, as follows:—

That, while recognizing that existing financial requirements of the Dominion demand the maintenance of a Customs Tariff, the House is unable to concur in the declarations by the Government that the tariff should be based on the principle of protection; the tariff is a tax, and the aim of legislation should be to make taxation as light as circumstances will permit;

And further on—

That, while keeping this aim clearly in mind, the House recognizes that in any readjustment of the tariff that may take place, regard must be had to existing conditions of trade, and changes made in such a manner as will cause the least possible disturbance of business.

I want to call attention, Mr. Speaker, to the fact that this was not only our own policy, but it was the Progressive policy, because every Progressive in the House did us the honour of voting for it. We had not as large a Progressive group as we have to-day, but the hon. member for Marquette, then as now, was their leader. He did not have a large group, but he had a very energetic group. They found the Liberal policy of that day was entirely in harmony with their own policy. That resolution called for a revision downward, and made in such a manner that business should not be disturbed, and that is exactly what the budget proposes. I say, in all sincerity, that this budget ought to commend itself to our Progressive friends, not as a finality, not as something that is entirely in line with their own views, but as something which follows the right direction, and, so far as it goes it should have their cordial support. If, instead of having the large group they have to-day, being the second group in this House,

they had the good fortune, or the misfortune, to be group No. 1 and to be charged with the responsibility of carrying on the government of this country, and if the hon. member for Marquette (Mr. Crerar) were standing in my place at this moment, I venture to say that he would be obliged, in the light of that resolution, to bring forward a budget substantially in line with that which I have presented. The responsibility is over the whole of us, and I believe if any hon. gentleman of the Progressive party were charged with the responsibility that has come to us to-day, he would feel, if he listened to the representations that have been made, that this was not a time for radical changes, but a time for caution, for moderation, for seeking to take into consideration the interests of the whole country. We are apt, each of us in our own part of the country, to look at things from a sectional point of view, and that is unavoidable. One of the great things of Parliament is that mind meets mind, from east and west and from north and south; and while we look at things from different angles, we discover, for the first time, many of us, that there is another side to every question. As we meet together in the contact of mind and mind we discover that we are able to take broader views. I said in opposition and I say it now that, while I believed the Liberal party would win, I had no fear that the Progressive party would do any great wrong to this country. I believed a sense of soberness would come to all men placed in a position of responsibility and would lead those men to apply moderately the doctrines to which they had committed themselves. So I say, in all sincerity, if hon. gentlemen of the Progressives were standing in our place to-day, they would be obliged to pursue a policy very much along the line of that which we are trying to follow now. It is a policy of moderation, a policy which conforms entirely to the resolution that I have read.

Very much attention has been called to the fact that although we make small reductions in the tariff, we have increased the sales tax, and emphasis is laid on that fact. The sales tax and the customs tax are two different things. No matter what customs duty you might have at the present time, you would need to have a sales tax. The hon. member for Marquette expressed his disapproval of the principle of the sales tax, and that is a fair matter of opinion; but to the best of my recollection, he did not propose any substitute for it. Last year we received \$60,000,000 from the sales tax. We are increasing it one-half, and this year we expect to get \$90,000,000 and possibly \$100,000,000 from that tax. One or two hon. gentlemen in the Progressive party have suggested

other things. One suggested a land tax, another an inheritance tax. There may be merit in either or both of these suggestions; but they are not what we might call "ready reckoners"; they would not yield money very quickly. We have not the machinery to establish a land tax, and even an inheritance tax would not bring us much revenue in a hurry. Death is sure; but sometimes it is slow, and I am not sure that either by an inheritance tax or a land tax we could get much money in this year of our Lord. I am not condemning either of those taxes. I regret to say that all that we can get out of these proposed new taxes will still leave us short of money at the end of the year; whoever may stand in my place a year hence will probably have to devise new taxes, and, perhaps, some of the suggestions coming to us to-day will be found to be exceedingly useful. Therefore, because a tax is not adopted to-day, it does not follow that it may not have to be adopted at no distant date.

As regards the question of the tariff proposals, I think my hon. friends of the Progressive party should have given the matter more consideration. They should not be antagonistic to them; they should regard them as being in their own direction, although they do not go as far as they wish the reductions to go. The leader of the Opposition (Mr. Meighen) and the ex-Minister of Finance (Sir Henry Drayton) have both treated the reductions that we make as small things. The leader of the Opposition said that they were microscopic; the ex-Minister of Finance said that they were so unimportant that they were hardly worth mentioning, and I think it was the hon. member for West Toronto (Mr. Hocken) who said that they were piffling. Well, I hope they will tell that same story when they go back to the manufacturers of the country and when they are asked what they think of this thing; but I get an inkling of what they will say then, because before the leader of the Opposition had finished his speech, he pictured, and called the attention of the hon. member for Brantford (Mr. Raymond) to what he said was a fact, that as a consequence of these reductions, microscopic and piffling, the workmen of Brantford were going to walk the streets in idleness. When he goes to the manufacturing districts, he will not find that these are viewed as mild or piffling reductions. They are reductions which account for a great deal. Two and a half per cent off an item in a manufacturing industry is often regarded as a very serious injury, and I know to-day there are many interests in Canada which are alarmed at the reductions that are made. I think their alarm is needless. Capital is usually easily alarmed; manufacturers are easily alarmed.

I remember that two days before the budget of 1897 was brought down, I was waited upon by a deputation of bankers. I do not think I have ever made this statement in public before. They came to me and pleaded that we should not touch the tariff at all. They pointed out, as men always do, the interblending and the interdependence of interests. It was not the manufacturer alone; it was the banker, the labourer, the merchant. All interests were interwoven into a network, and if we touched the tariff at all, dreadful things would happen. If we had acted on their views, we would have made no changes at all. We made changes, important changes, as I shall proceed to show. What happened? Was the business of the country ruined? How far the tariff had anything to do with the matter, I will not venture to say, because it is not for me to boast. But for many years afterwards, the business of Canada flourished as it had not flourished for years before. So, if there are manufacturers who are disturbed over this, I ask them to look back to the records of 1897 and to remember that the alarm which they then felt was uncalled for, and it is uncalled for to-day.

We have been delving into ancient history in this matter. I am not sure that that is very profitable; but if we are to have ancient history, we had better have it correctly. The statement has been frequently made in this discussion that the Liberal party in 1897 made no material changes in the tariff. Perhaps, when men hear a statement made first, they do not look into it closely; but when they hear it made a dozen times, they begin to believe it. I suppose that when my hon. friend from West Toronto, who is a decent, respectable and God-fearing man, stated the other day in this House that the Liberal party in 1897 adopted the tariff of Sir John A. Macdonald, he was repeating an ancient fabrication which at one time he had heard, and which possibly had gradually grown upon him until he believed it himself. There is no shadow of foundation for such a statement. The Liberal tariff of 1897 was not the tariff policy of Sir John A. Macdonald. It made important changes. To begin with, it introduced the British preference. Did that distinguished statesman ever introduce such a tariff? Yet, my hon. friend from Toronto only echoes what other people have said when he declares that in 1897 we simply adopted the Conservative tariff policy. But that was not all. The British preference itself brought considerable reductions in the tariff, but beyond that there was a long list of reductions, and substantial reductions, made by the dozen in the general tariff at that time. Therefore, when we are told that the

Liberal tariff policy of 1897 was a policy adopted from the Conservative party, I want to tell my Conservative friends who make that statement that they are simply repeating an ancient fabrication which never had any foundation, and which should no longer be imposed upon this House. I could read the items if I had time.

Mr. MEIGHEN: That statement was embodied in the campaign literature of hon. gentlemen behind my hon. friend, including the hon. member for St. Antoine (Mr. Mitchell) in the last election.

Mr. FIELDING: What statement?

Mr. MEIGHEN: The statement which my hon. friend has just denounced as a fabrication.

Mr. FIELDING: I have never seen it in that form. I have never heard it made by any Liberal; I have always heard it made by my Conservative friends. I am willing to be generous and to believe that they are misinformed, and that gradually the thing has grown upon them until they imagine it to be a fact.

I think that instead of undertaking to prove what the Liberals said at the time I might do as well by producing another witness. It will be remembered that at that time the leader of the Conservative party was Sir Charles Tupper. Now, bear in mind that we are told that the policy we adopted was the policy of the Conservative party; it is said that we were merely continuing the National Policy. I was under the impression, Mr. Speaker, that I had by me the extract from the speech of Sir Charles Tupper, but I find that it is not among my papers. However, I remember distinctly hearing Sir Charles Tupper denounce that policy. He declared that a greater crime could not very well be committed against the industries of Canada than was to be found in the tariff of 1897. He said, virtually, "I have heard the sorrowful wail of the manufacturers and the workmen of the city of Montreal rising up in protest against this tariff." Well, if it was the National Policy, the old Conservative policy, if there was no material change from that policy, why in the world did that veteran leader of that day find it necessary to denounce it as a crime against the industries of the country? I am going to ask my hon. friend from Toronto to forget that dream of his and never to repeat that ancient proposition.

Now, we have heard in this debate a good deal about reciprocity. I am glad we have, and we shall hear more about

it again. And there we have another broad line of demarcation between the official Opposition and ourselves. My right hon. friend the leader of the Opposition (Mr. Meighen) has said distinctly that he does not want any reciprocity. Well, I am glad to have that open confession. He gets back to the old slogan: "No truck or trade with the Yankees." I am glad to have the statement from him, if it is his view.

Mr. MEIGHEN: I cannot sit while my hon. friend misrepresents me. I stated that I was opposed to any extensive reciprocal arrangement with the United States, but I have never used the words, "No truck or trade with the Yankees," nor have I ever heard any one on this side, supporting this party, use that expression. I have only heard the hon. gentleman himself make use of it in seeking to put up a shadow that he might knock down.

Mr. FIELDING: I never attributed to the right hon. gentleman the words "No truck or trade with the Yankees," but the sentiment is there. Those words express the sentiment of the Conservative party.

Mr. MEIGHEN: Oh, no.

Mr. BUREAU: It was the Conservative slogan of 1911.

Mr. FIELDING: Will the right hon. gentleman deny that in the debate the other day he said that we had reciprocity and it took years to recover from it? Why did we have to recover from it? And who tried to recover from it? From the time we had reciprocity, between 1854 and 1866, up to the time the Tory party were driven out of power in 1896, there never was a leading public man in Canada, Grit or Tory, who did not stand for reciprocity. My right hon. friend says that it took us years to recover from the effects of that reciprocal agreement. How and where does he get his evidence in support of that statement? I repeat, Sir, that there was never a public man, either Grit or Tory, who sat in the seats of government during all that period who did not stand for reciprocity. Did they not send delegate after delegate to Washington, almost begging for reciprocity? Yet we are told now that it took us years to recover from reciprocity. If it was an evil from which it was considered desirable, in the interests of the country, that we should recover as quickly as possible, why did the Conservative party go begging for reciprocity?

Mr. MEIGHEN: That was during the period of recovery. From the breaking of the pact, those pilgrimages ceased, and Sir Wilfrid Laurier announced that they had ceased for good.

Mr. FIELDING: He stated that we would not go to Washington, and he was right. And we did not go to Washington; Washington came to us. Washington sent her delegates to us after years, as we thought, of ungenerous treatment. Washington sent to Ottawa delegates who said: "Never mind the past, we are prepared to meet you in a fair spirit now." Were we right or wrong, then, in treating with them? What would this country have said if we had replied to those delegates: "Get you gone. You quarrelled with us in bygone days and refused to consider terms with us. Go away; we will have no truck or trade with you at all." What would the country have thought had we made any such reply? That would have been the attitude of the Conservative party, however, if I understand, and am to judge by, their position to-day. Now we have a clear understanding from hon. gentlemen opposite; they do not want reciprocity. Indeed, Sir, it may now be a difficult thing for us to secure reciprocity; I am afraid we lost the golden opportunity in 1911. It will not come again, I fear, but if it does come, there is this difference between our friends opposite and us. We, the Liberal party, say that if at any moment our American neighbours are prepared to meet us in the spirit in which they came to us in 1910 and 1911 we are ready to discuss the matter with them, with a willingness to make a satisfactory arrangement so long as we protect the interests of Canada just as we did in 1911. My right hon. friend and his associates, on the other hand, take the opposite stand. They say: "Don't come; keep off the grass!" And that is a big enough and broad enough difference to divide two parties in this country. I do not hesitate to say that, in my judgment, any political party that deliberately declares that it does not want to establish friendly and better trade relations with the great Republic beside us can never win the confidence of the people of this Dominion. Hon. members of this House have been discussing to-night the estimates of my hon. friend the Minister of Trade and Commerce (Mr. Robb). Let them take up that little booklet his department issues, "Commercial Intelligence," if that is the proper title, and they will find therein a list of men whom we are sending out with the object of helping to encourage trade between other countries and Canada. We have these men in Europe, in Asia, in Africa, in fact all over the wide world, and we want trade from all these various countries. But right alongside us are 110,000,000 of the richest people on earth; and what are we told? Hon. gentlemen opposite would tell them we do not want to trade with them. I say that it is in the interest of Canada and, indeed, of the Empire,

that we should cultivate friendly relations with this great nation beside us, and my only fear is that we have lost our opportunity. But let it be known that there is this broad line between hon. gentlemen opposite and ourselves, that when the same opportunity comes again we shall be ready to grasp it, while they say they do not want to have anything to do with the United States on any such conditions. That is a big question. I had occasion to discuss this matter some years ago, and while I do not often indulge in the vanity of quoting from speeches of my own, I shall venture to do so to-night.

Mr. GRAHAM: You cannot do better.

Mr. FIELDING: During the campaign of 1911 I addressed a meeting in Windsor Hall, Montreal, and I am going to ask the indulgence of the House while I read a passage or two from that speech, which I think has a bearing on the present situation in Canada. I said:

Four years ago, I think it was, I had the pleasure of addressing a meeting in this same hall, at which I ventured to discuss the question of the tariff in its relation to East and West. I would like to quote for you a passage in my speech then, but I will give you the substance of it. I ventured to point out to the manufacturers of Canada that it was a mistake for them to array themselves in antagonism to the people of the western provinces. That opinion I want to express again to-day. There is the danger that East and West may be brought into antagonism. The danger is not to be found in reciprocity itself, but the danger is that the manufacturing interests of this country and their allied moneyed interests will array themselves in hostility to the growing feeling of the western farmers. Don't make any mistake about it—the day is within sight of the younger men here, and of some who are not so young, when there will be more people west of the Great Lakes than east of the Great Lakes. The West is going some day to dominate Canada, and we who live in the East, if we are wise, may as well look ahead and see this. What kind of a West is it to be? Is it to be a wise and prudent and sympathetic West, or it is to be a rash and reckless and dangerous West? The answer can be made by the manufacturers of the Dominion and the allied moneyed interests to-day. I do not hesitate to say that with proper care, with fair treatment, with reasonable argument, we can bring the western farmer to be sympathetic and to be willing to work in harmony with the people of this eastern country, who have done so much for the building up of the West.

A Voice: Will there be no factories in the West?

Hon. Mr. Fielding: That is a very proper question to ask. Certainly there will be factories in the West. But I think the gentleman will agree with me that while factories will grow as they grow everywhere with population, for the present and in the early future agriculture is to be the dominant force in that Western land. My friend will admit that. There will come factories, but for the present and for the future, and may be for the future far ahead, the agricultural interest is going to dominate that country. We must consider whether we are going to antagonize and irritate that interest or whether we are going to meet them as brethren and deal out to them fair consideration.

Then after some further remarks, I said:—

Now, I believe that if we meet the farmers in a right spirit, if we point out their extreme views, as we have to point out their

extreme views when they insist on free agricultural implements, if, I say, you meet these people in the right spirit, if you reason with them, if you let them understand that you are not trying to oppress them, if you give them a kind and sympathetic hand, they will be disposed to be more reasonable and fair and to take their full share of the burden of developing our vast Dominion.

But suppose you do not do that. Suppose the manufacturers should organize to-day with their money to defeat this agreement, I want to tell you, my brethren, that there will grow up in that western country a dangerous feeling. Don't make any mistake about it. I beg the manufacturers of this country—I always talk frankly to them and I am doing so now—I beg them not to range themselves up against the farmers of the West. The manufacturers are not hurt; they are more frightened than hurt. I give it to you as my opinion, worth much or worth little, that if by the forces of the manufacturers this agreement be destroyed, there will grow up in that western country a feeling that will be dangerous to the manufacturing interests of Canada and dangerous to the welfare of this Dominion.

That was eleven years ago, Mr. Speaker, and I do not hesitate to say that while other causes may have had an influence in upsetting the western people, if I may so express it, yet the gravest charge the western people were able to bring against eastern Canada was that that reciprocity agreement, which gave them some help, was destroyed by the attitude of the manufacturers and their allied moneyed interests. In the West, if there is unrest to-day, if we have men in that western country saying things against the integrity of the Dominion, make no mistake, you can trace their origin to the fatal error made by eastern Canada in 1911. I do not want to dwell further on that question of reciprocity, but I should like you distinctly to understand that we accept the broad issue that is laid down on that question.

A curious phase of this debate has been the picture presented to us of the industrial condition of Germany. There is an economic condition in Germany to which our attention must be drawn. But it seems to me that hon. gentlemen opposite have not been content to deal with the economic question only; they have traded, if I may say so, on the anti-German feeling. Now, undoubtedly the picture they present is this. Germany has a remarkable depreciation of the mark. But Germany is prosperous, her people are willing to work long hours for low wages, industry is humming, business is good, and Germany is flourishing, because the mark has depreciated. Well, if that is true, what fools we mortals be in Canada and the rest of the world! Here we have been struggling to keep our credit good, here we have been fighting to make our dollar 100 per cent, and when a few months ago our dollar in New York was worth 15 cents less than par we did not know whether to be angry or sorry, but we all felt it was something to regret; and when a few days ago my hon. friend from Marquette mentioned incidentally in debate that

he was glad to know our dollar to-day is worth almost par the sentiment was applauded all over the House. Evidently we are wrong; we should be sorry that the Canadian dollar is worth 99½ cents to-day, for if worth only 50 cents, 40 cents, 10 cents, then, according to this picture of Germany, we would be in a happy and prosperous condition. Well, I refuse to believe that.

There is a situation in Germany which demands some attention. It is an economic law, which usually is found in operation, that where a country's currency is severely depreciated, that depreciation, if not accompanied, is soon followed by a corresponding advance in the price of commodities and wages. There is to-day a race on in Germany between the continued depreciation of the mark and the relative advance in the price of commodities and wages. At present the mark has won. It used to be that about 4¼ marks would buy a gold dollar; to-day it would take nearly 300 marks. That is a condition which cannot continue much longer. There is now coming an increase in the price of commodities and wages, and there can be no doubt that as the months roll on that increase will be very pronounced, and when conditions become very bad we will not of course hear such glowing reports of German prosperity.

However, there is that economic condition to which attention must be drawn. But, as I remarked a moment ago, my hon. friends have not been content with calling attention to that economic condition; they have tried to drag in all the horrors of the war. I think it was my hon. friend from Vancouver (Mr. Stevens) who pictured the horrors of the war and asked: Are we going to trade with these German people? And my hon. friend from St. John (Mr. Baxter) went further, if I am not mistaken; he thundered his denunciations against the Germans and asked beseechingly: Are we going to trade with these Germans? Every other nation in the world is trying to trade with the Germans to-day, and we should not be too proud to trade with them. I have an individual right as a citizen to say whether or not I want to buy German goods, and I know what my preference is in the matter; but as a nation we have no right to legislate against Germany.

My hon. friend from St. John paid a high compliment—and one which I am sure we all admired—to his leader, and declared his loyalty and devotion to him, but before he finished his speech he denounced in vigorous terms one of the great acts of his leader's career, at least the Conservative party think it so, that is the Treaty of Versailles. When my hon. friend

waves the bloody shirt and thunders out his denunciation against what he terms the premature peace, and regrets that the cities of Germany were not devastated as were the cities of France—when he does all that, I tell him he is denouncing his leader, because that leader and his friends were the people who brought about that peace.

Thou canst not say I did it! Never shake thy gory locks at me!

I was not one of those who joined in the joy-ride to Paris, nor did any colleague of mine, when our friends opposite went through the amusing farce of pretending to negotiate the peace treaty. Be it good or be it bad, I had no responsibility in the matter. They are the men who signed, sealed and delivered that document, which on the first page declared that its purpose was to put an end to the state of war and bring about between Germany and the allied countries, including Canada, a firm, just and durable peace. That is what my hon. friend's leader and his colleagues did. But they did more than that—they wasted \$1,000,000 of the money of the people of Canada in a special session of Parliament for the purpose of approving that treaty—about as useful and necessary a proceeding as the fifth wheel of a coach. However that may be, they signed, sealed and delivered that bond, and declared that Canada and the Empire were at peace with Germany. Now they come here and talk about the harm that would be done if we trade with Germany. I am not more anxious to trade with Germany than other people, but in view of their action at Versailles I do not like to see my hon. friend waving the bloody shirt and denouncing Germany. We have made our peace with Germany and we ought to treat her decently; and that is all I propose to do.

Now, on the economic question relating to Germany, much can be said. The German mark is worth to-day one-third of a cent; under normal conditions it was worth 23 cents and a fraction. By the act of last year the government declared that for customs duty purposes it should be valued at 12 cents—for convenience I take that figure as half of the 23 cents and a fraction. The hon. member for Centre Vancouver, who gave much attention to this matter the other day, rather held that that was a mistake; that if anything the percentage was too high; it was piling on the taxes too heavily. He said it might be better to make the percentage 35, and there is merit in that suggestion. After studying this question we have formed a conclusion of our own as to what will be the best method of dealing with this matter, and at a later stage of my remarks I will inform the House what that is.

It has been stated over and over again that we are taking off $2\frac{1}{2}$ per cent on agricultural implements and adding a certain percentage by way of sales tax. Now, I want to put a fair question, and I will put it to my hon. friend from Vancouver, who generally takes a fair view of these things when politics allow him to do so. Does my hon. friend say that we can carry on efficiently the government of Canada and meet our obligations without new taxation? He will not say that; I am sure he would admit at once that if we are to meet our obligations—I do not say whose obligations they are; I am not making any point in that regard; they are the obligations of Canada—if we are to meet those obligations; if we are to pay interest, if we are to pay our pensions, if we are to make provision decently at all for the public service of the country, we must have increased taxation. That being the case, why alarm the people saying we are taking off $2\frac{1}{2}$ per cent and piling the taxation on in the form of sales tax?

Hon. gentlemen opposite are constantly saying that the sales tax hits everybody. I think it was the hon. member for Carleton-Victoria who said the other day that the sales tax affects one hundred per cent of the people. Now, that is rather a magnified statement. There is a very large list of exemptions from the sales tax, chiefly foodstuffs. The only change we have made in the matter is that we have increased the list of exemptions. I do not see how in the world it can be said that there is anything wrong in that respect. We do adopt the sales tax, and we increase the amount of it, because the country needs it.

With further reference to the German business, I think one hon. gentleman said that if we had any favours to give in this matter we should give them not to Germany, but to our friends. Well, one of the misfortunes of this matter of depreciated currency is that it hits one of our friends. Is Italy our friend? Was Italy our ally in the war? In what we are doing we are penalizing not only Germany, but Italy as well.

Mr. STEVENS: If my hon. friend will permit me, the suggestion that I made to reduce the percentage to 35 would meet the case of Italy.

Mr. FIELDING: The hon. gentleman's suggestion as far as it went, was a good one, and I have given him credit for that. The Italian lira is usually worth the same as the French franc, a fraction under 20 cents; I call it 20 for convenience of calculation. Under the law of Canada, as it was last year, goods coming from Italy have been valued for duty purposes as if the lira were worth 10 cents. The actual value

of the Italian lira was $5\frac{1}{2}$ cents, the value for duty purposes being, therefore, really doubled. I know there is trouble in connection with these depreciated currencies, but I would like to point out that it is not only Germany that is hit; it reaches Italy also, one of our friends. I will come to that a little later and suggest what I think will be a reasonable way of meeting the difficulty.

I have been surprised to be told that this is a protectionist budget. I cannot understand the logic of that statement. With the exception of one or two items in relation to tobacco for purely revenue purposes, every change that is made in this budget is a downward revision of taxation. How can anybody make a protectionist budget out of a reduction of taxation? Is this to be the final word? There is no finality in politics. I say again, with all due respect to my Progressive friends, that if they stood in our place to-night they would not be able to go any further than we have gone. Whether we shall be able to go further another time is a question that we must leave to the future. But let me add this: You know the mind of our Conservative friends; you know the direction in which they are looking in regard to the tariff, and you know the direction in which the Liberal party has been looking through all the years. That is the direction in which they will continue to look.

Mr. MEIGHEN: Is not all my hon. friend says with regard to this budget true of the 1919 budget?

Mr. FIELDING: Well, I have not studied the 1919 budget.

Mr. MEIGHEN: Everything a reduction, and the hon. gentleman opposed it.

Mr. FIELDING: I do not think the hon. gentleman will find that I opposed any reduction at all.

Mr. MEIGHEN: Opposed the budget.

Mr. FIELDING: No, I think my hon. friend will find he is mistaken in that view. However, I am more interested in the budget of 1922 than I am in the budget of 1919, though I do not mind a little delving into ancient literature for the purpose of trying to correct the errors that have been made.

I think it was the hon. member for East Lambton (Mr. Fansher) who dwelt on the payment of drawbacks to various companies, and he saw in this some great wrong. Why, he said, "You have paid half a million dollars by way of draw-

back to the Ford Motor Company, and a million and a half to the Atlantic Sugar Refineries, but I have seen no drawback paid to the beet sugar people." Well, as the beet sugar people had not paid a cent into the treasury they could not very well have any drawback. There are two phases of that matter to which I want to give a little attention by way of explanation. If my hon. friends have not already heard it, they will see at once that the explanation is very simple and that there is no favouring anybody in these drawbacks. First, in regard to the Atlantic Sugar Refineries, I may point out the duty on sugar varies according to the character and quality of the sugar. When a cargo of sugar arrives at Montreal or Halifax, it would be a great convenience if you could then and there determine the amount of duty to be paid and settle the matter forthwith. But you cannot do that; it takes time, and in the meantime the steamer is lying at the wharf and expense is being incurred. Now, common sense generally prevails in government matters; I will say that even of my hon. friends when they were in power, because they did have some common sense policies. What they do is this: There are two tests in the sugar business. There is the colour test, which is called the Dutch standard, the value of the sugar being judged by its colour, and there is another test of the strength of the sugar which is called the polariscope test. It takes time to apply these tests and to ascertain exactly the rate of duty to be paid on a cargo of sugar. So the customs people say: "We will let you pay your duty now at the very highest rate which can apply; we want to take no chances. Then we will test the sugar, and if it is found that your sugar is not valued as high as that, you will be entitled to a refund." Is that reasonable? Is that businesslike? Is it simply a refund of duty that was overpaid by the Atlantic Sugar Refineries. Is there anything wrong in that? I think it is a businesslike transaction from beginning to end.

Now, let us turn to the question of drawbacks made to the Ford Motor Company. In every case it will be found that the drawback paid to the Ford Motor Company was for exports. It is a principle of our Canadian law, and I think it is a principle of commercial law everywhere, that you levy your taxes upon consumption in your country. If an article comes into the country and enters into consumption, it is taxed; if it does not enter into consumption, it is not taxed. Suppose two bales of goods are landed on the wharf at Montreal. One of them goes into warehouse and awaits the judgment of the owner, who next day or next week makes up his mind to send

it off to the West Indies. It goes out; no tax is paid on it. It has contributed nothing to Canada except the labour of the men who handled it in taking it off the ship and putting it in the warehouse; it is simply passing through. That is reasonable; you do not want to collect duty on goods in transit. Well, the man who owns the other bale of goods says: "I will not leave that bale in the warehouse. I will send it up to the factory; I will put it through the mill; I will give employment to people; I will turn it into manufactured goods; and then I will send it out to the West Indies." Is he not then entitled to a drawback on the duty he has paid? Is he to be penalized because he gave employment to a large number of people? The other man passed his bale out of customs, but he gave no employment. The first man, for his own selfish profit, of course—this is a selfish world—takes that bale of materials, puts it through his factories, and does other things to it. He pays a duty on it and then when it is ready to be exported abroad, he says: "That has not been consumed in Canada, that is going away to the West Indies; I am entitled to a drawback," and so he is.

Mr. MORRISON: What was the manufacturer's object in importing the raw material and manufacturing it; was it not to make a profit on it?

Mr. FIELDING: Yes, and he paid the duty when he brought it in.

Mr. MORRISON: And he gets a drawback when he exports it?

Mr. FIELDING: Of course, but if wealthy the income tax man will reach him. But after all, in that particular transaction what he has done has been a benefit to Canada. That is the difference between one man and the other. The other man pays no duty but does not do anything for the benefit of Canada. This man manufactures the material in his factory and benefits Canada to the extent of the labour he has employed and the business he has caused to be done. That is the whole story, Mr. Speaker, of the drawbacks and the refunds. There is no favour to anybody in the matter. It is a business transaction, it has been going on for years, and it will be going on for years even when my good friends the Progressives come into power, as I suppose they will one of these days.

Now I do not wish to detain the House any longer, but I ought to say a little on the amendment of my hon. friends the leaders of the Opposition. It was described by the

hon. member for Springfield (Mr. Hoey) as being unworthy of a great party. That may have seemed to be a harsh criticism but really I do not think it was too harsh. The great Conservative party has been capable of great things and it ought not to descend to little things. With respect to the budget, let them, at this time in our history, establish some principle and lay down some policy, and do something more than indulge in mere nagging and scolding. That is all my right hon. friend has done; he scolds the Government. He stresses the policy laid down in the Liberal platform in 1919 and inquires "Is that statement true?" There are some statements in it that are true. "Is this budget to-day rigidly complying with the Liberal platform of 1919?" he inquires. No, nobody ever expected it to do so.

Some hon. MEMBER: Oh, oh.

Mr. FIELDING: I do not believe the Liberal platform of 1919 played any considerable part in the election campaign last winter.

Some hon. MEMBER: Oh, oh.

Mr. FIELDING: I never mentioned it, I never heard it mentioned; it was never discussed in any election in which I took part. I know from reading the press, however, that my Conservative friends referred to it. It was always the tariff they talked about and the Liberal platform of 1919, and they generally talked in that way for two reasons: The first was in order to declare that the Liberals were not living up to that platform; and they pointed to this, that, and the other constituency where they alleged somebody was saying something that was not in harmony with the Liberal platform, and therefore they argued "The Liberal platform is dead and gone." The other reason they referred to it was to enable them to take the stand that if the Liberal platform was adopted the country would be ruined. I do not think the Liberal platform of 1919 had any material result in influencing the election. The election did turn upon the general tariff policy, but I am going to say frankly I do not think that was the reason the people voted so enthusiastically for the Liberal party. I think something else was responsible for their enthusiasm. They made up their minds that whatever was going to happen they were not going to have any more of the Tory government.

My right hon. friend the leader of the Opposition, who was then the Prime Minister, made a tour of Canada. We will all do him the justice to say he worked very hard. He worked very hard and it was greatly to his credit; he travelled

the country from ocean to ocean; he was engaged in addressing meetings morning, noon and night. Everything that he has told us here about the sins of the Liberal party he told on the hustings repeatedly; he repeated it, as I say, morning, noon and night. I do not like to say that the people did not believe him, but what they probably said to themselves was this: "Perhaps these Liberals are no better than they ought to be; perhaps these Progressives are worse, but we will take the chance rather than have the Meighen government again." That seems to be responsible for the whole result, that is the explanation of the whole thing. If we had been hearing something new about this Liberal platform of 1919 I might be able to draw some other inference. But it was not a new story; we had heard it not only in the House but on every hustings in Canada. I will do my right hon. friend the justice of saying that he told the people on every platform in Canada all the things he has been telling us here and they said: "Perhaps it is true but we will take no chances; we will get rid of the Meighen government." That was the upshot of the whole matter.

Now, Mr. Speaker, I desire to call your attention to some proposed amendments in the resolutions of which I have already given notice. What I propose to do is to lay on the Table resolutions in amendment of those tabled on May 23, so that the two may stand separately and by comparing them hon. members may see exactly what is proposed. Then, after the amendments have, in that way, been laid on the Table by way of notice, we will consolidate the two, and in consolidated form the resolutions will be considered in committee. In the meantime I am sure the House will desire to know at the earliest possible moment at least what the most important of these amendments are, and it is for that purpose I will detain hon. members for a few minutes longer.

In the resolutions already tabled there is provision for a tax on confectionery of 5 per cent. The tax remains but we are making a proviso that it shall not apply to "goods packed ready for sale in cartons or other packages bearing the name of the manufacturer, selling by retail at 10 cents or less per carton, nor to include candy known as 'gross goods,' selling by retail at 1 cent." There is a lot of confectionery that is made in molds, and the changing of these molds would be a very troublesome and expensive business. I have reason to believe, therefore, that this modification will go a long way towards removing the objection that was raised.

Sir HENRY DRAYTON: Is that the same modification we had before?

Mr. FIELDING: In the sales tax? I think it is along the same line.

Sir HENRY DRAYTON: It seems to be the same.

Mr. FIELDING: That is right. Of course every interest that is touched feels badly about it. I would not care to say that every interest is going to be completely satisfied. Every interest that is touched feels injured, and comes and complains that it has been particularly singled out when it has not. However, we are doing the best we can to modify cases and meet some of these objections. In levying taxes for revenue there is always a danger that you may shoot too high and miss your mark; that if you put your tax too high you may affect consumption and get less revenue. I rather subscribe to the doctrine that moderate taxation will give more revenue than high taxation. Upon reflection we are going to apply that doctrine to some of these things. Now we have had representations from day to day from numerous large and powerful deputations representing each interest, and we have had oceans of correspondence, and we have had the benefit of a long debate in this House. It would be strange, therefore, if, out of all these things we did not learn something and find ground upon which to make some changes. In view of all these facts we have decided to propose certain changes for your consideration.

I have already mentioned confectionery. We proposed to put a tax of 10 cents a gallon on what are commonly called "soft drinks." Complaint was made that as the resolution read it discriminated against the "bottled goods" and turned business into the hands of the soda fountain man who escaped. What we are proposing here is to take in the soda fountain man, applying to him an ad valorem tax of 5 per cent, and as respects the remainder we reduce the tax from 10 cents to 5 cents per gallon. I think the 5 cent tax in this way will largely meet the objections that are raised. I do not think it will be found necessary to increase the price of the bottle which was selling, say at 5 cents; I think the small tax of 5 cents will probably be absorbed and not reach the consumer. However, that is to be seen in the future. In the case of ale, beer, porter and stout, we had proposed a tax of 15 cents per gallon. We propose that it shall be reduced to 12½ cents. In the case of cigarettes, we proposed an increase of excise from \$6 to \$9 per thousand. We now make it \$7.50 per thousand.

Sir HENRY DRAYTON: The existing tax on cigarettes being how much?

Mr. FIELDING: The excise was \$6. We proposed to make it \$9 and now we are making it \$7.50. We are proposing to add to the exemptions from the sales tax two items, fertilizers and dried beet pulp, the fertilizer being what its name implies and the dried beet pulp being something the farmers will recognize as a cattle food. In the case of the stamp tax, the present tax is 2 cents on all cheques. We had proposed to make it 2 cents per unit of \$50. We still keep that principle of a unit of \$50 with 2 cents on each \$50, but we place a limitation on it. We provide that the graduated tax shall extend up to \$5,000 which would mean a tax of \$2. It has been shown very clearly that very many large transactions, involving apparently a great deal of money, are handled on exceedingly small margins, and if these are subject to the heavy tax first proposed, it would really wipe out the profits, and would work a great hardship. We propose that the maximum tax shall be \$2. The rate will remain 2 cents per unit of \$50. The large proportion of the cheques of the country are \$50 or less, and this will remain as at present at 2 cents. On all cheques above \$50 the graduated tax will apply until we reach \$5,000. That will mean a sum of \$2, and from there on there will be no increase. It will be a \$2 tax on everything above \$5,000. In the case of stock transfers there is a tax of 2 cents per share. We had proposed to make it 5 cents per share. We now propose to make it 3 cents per share, but we will include bonds as well as stocks, so that we think in that way we will probably have a very slight falling off in revenue.

Sir HENRY DRAYTON: Is that per unit of \$100 in the case of the bond?

Mr. FIELDING: The same as stock.

Sir HENRY DRAYTON: A unit of \$100 in the case of a bond?

Mr. FIELDING: Yes; it is 2 cents per share already. Now we make it 3 cents per share. I have not the exact words of the resolution. I think it is intended to make it a unit, but I make the statement with that reservation.

On beet root sugar we proposed an excise tax which would have netted 49 cents per 100 pounds. We propose to make it 24 cents per 100 pounds.

Canadian raw leaf tobacco has a tax now of 5 cents a pound upon it. We did propose to remove that tax, as respects the portion of the raw leaf sold to the Canadian factory,

because when it goes in there and later on comes out, we get the tax on the manufactured article. There remained a tax on that portion which was not to be sold to the factory. It has been represented to us that there is a very large quantity of raw leaf tobacco on hand almost unsaleable, and that where they get sale for it, it does not command more than 6 to 10 cents a pound at the most. It would mean a tax of 5 cents on goods which, in some cases, had to be sold at 7 or 8. Therefore, we have concluded to abolish the tax altogether. We propose to put a tax on receipts. There is an English tax on them now of two pence, I think. We propose in the case of receipts that up to \$10 they shall be exempt, but for every receipt of \$10 or upwards we propose a tax of 2 cents—simply a straight tax. In the case of cigars we had proposed a readjustment of the duty the object of which was to make the tax on the cheaper cigar a little less, on the medium cigar the same as at present, while on the higher priced cigar—the rich man's cigar—the tax would be increased. The duties are somewhat readjusted, as will be seen in the notice, but the substance is the same. The higher priced cigar will pay a little more, the medium cigar will be as at present, and the lower priced cigar will be a little cheaper.

Sir HENRY DRAYTON: That will be a change in the classification. Do you continue the exemption of \$120?

Mr. FIELDING: There will be a readjustment of the figures, but, substantially, it will be what I say. We are not aiming to get more revenue out of it, we are aiming to cheapen the lower priced cigar. That is the essence of the whole movement. To do that the medium priced cigar pays the same, the higher priced cigar a little more and the lower priced cigar a little less. Any change made is to correspond with that.

In regard to automobiles, we had proposed a tax of 5 per cent to be levied on automobiles up to \$1,200 and 10 per cent on the larger and more expensive vehicles. We propose that the 5 per cent shall apply to all automobiles, up to the cost of \$1,200, whether they be small or large, and the 10 per cent will apply to the excess. The small automobile costing \$1,200 will pay 5 per cent. The more expensive will pay 5 per cent up to \$1,200 and 10 per cent on the balance. The figures are the same, but there is a little readjustment in the way they are stated. All bona fide sales of automobiles up to the 23rd May shall be made exempt from taxation. That will apply not only to automobiles owned in Canada, but to the imported automobiles, provided they can prove a bona fide

sale, and that they shall be entered into Canada not later than the 1st July coming.

I think I have mentioned all the important items. There are some minor ones I will not trouble about. Then there is the question of depreciated currency. I have referred to the past history of the matter. The effort of the late government was to obtain a standard of valuation by valuing the mark and determining what value should be put upon it, having regard to various considerations. What we are trying to do is this: We are not thinking of the value of the mark, but we propose to have the value of the article determined by the standard of the English value. If two parcels come into Canada on the same day, one being from England and one from Germany, both of the same character, the value shall be determined by the value of the English article, if articles are made in England of like class. Where the articles are not made in England, and, therefore, you cannot get the English standard of value to serve your purpose, you take the value in a neighbouring country where the currency has no substantial depreciation. We might take Holland or Switzerland, or some of those countries where there is no substantial depreciation. The standard is the English value. Whatever is the English value of the article we will take as the value of the foreign country in any case in which there is a depreciation of currency. We have approached it in a different way from my hon. friends opposite, and, perhaps, we shall accomplish the same purpose.

I think I have spoken of all the important changes. I need not say that the increase in taxes is not a very agreeable thing for any government. I have told more than one friend that by the time I get through the budget I do not expect to have a friend on earth. But I am going to ask the House and the country to regard this budget as an earnest effort to meet a condition which however we may regret it, faces us, and which we must face seriously and courageously. With all the taxes we will get under the new system, we will fall short of the needs of the year, and whoever may stand here a year hence may have to adopt some other means of taxation. But I say that in the budget that we are presenting to the House, we have carried taxation about as far as we think the country can stand it, and though there will be difference of opinion here and there as to the method, we hope that on reflection this budget will recommend itself to the country as an earnest effort to meet conditions which face us, and which, I am sure, we all agree must be faced bravely and courageously.

RESOLUTIONS OF MAY 23RD, AS AMENDED BY RESOLUTIONS OF JUNE 12, 1922

CUSTOMS ACT

1. Resolved, That it is expedient to amend The Customs Act and Amending Acts, including The Department of Customs and Excise Act (chapter twenty-six of the Statutes of 1921), as follows:—

1. By repealing section six of The Department of Customs and Excise Act, being chapter twenty-six of the Statutes of 1921, and amending section thirty-one of the said Customs Act accordingly.

2. By repealing section seven of The Department of Customs and Excise Act aforesaid, and amending section forty of the said Customs Act accordingly.

3. By amending section fifty-nine of the said Customs Act, as follows:—

(1) By striking out subsection three thereof, and substituting therefor the following:—

“(3) Whenever the value of a currency has not been proclaimed, or whenever there is no fixed standard value, or whenever from any cause the value of a currency has become depreciated or appreciated, there shall be attached to the invoice of the goods imported the certificate of some Consul or Canadian Trade Commissioner, resident in such place or country, or the certificate of a bank showing the extent of such depreciation or appreciation, or the true value at the time of the exportation of the goods of the currency in which such invoice is made out, as compared with the standard dollar of Canada: Provided that the Collector of Customs and Excise may compute the value for duty at the rate of exchange certified by the bank through which the same is drawn as current at the time and place when and whence the goods were exported to Canada.”

(2) By amending subsection four of the said section fifty-nine by adding after the word “Consul’s” in the second line thereof the words “or Canadian Trade Commissioner’s.”

(3) By repealing section eight of The Department of Customs and Excise Act aforesaid and amending said section fifty-nine accordingly.

4. Resolved, That any enactment founded on the foregoing resolution shall be deemed to have come into force on the twenty-fourth day of May, one thousand nine hundred and twenty-two, and to have applied to all goods imported or taken out of warehouse for consumption on and after that day and to have also applied to goods previously imported for which no entry for consumption was made before that day.

5. Resolved, That it is expedient to amend section forty of The Customs Act by providing that in the case of importations of goods the manufacture or produce of a foreign country, the currency of which is substantially depreciated, the value for duty shall not be less than the value that would be placed on similar goods manufactured or produced in the United Kingdom and imported from that country, if such similar goods are made or produced there. If similar goods are not made or produced in the United Kingdom, the value for duty shall not be less than the value of similar goods made or produced in any European country the currency of which is not substantially depreciated.

The Minister may determine the value of such goods, and the value so determined shall, until otherwise provided, be the value upon which the duty on such goods shall be computed and levied under regulations prescribed by the Minister.

6. Resolved, That it is expedient to amend the said Act by adding at the end of section one hundred and one thereof the following proviso:—

“Provided, however, that upon the entry outwards of wines and spirituous liquors to be exported from a Customs warehouse either by sea or by land or inland navigation, as the case may be, the person entering the same for such purpose shall give security by bond of an incorporated Guarantee Company authorized to do business in Canada and whose bonds are acceptable to the Dominion Government, such bond to be in form approved by the Minister, in double the duties of importation on such goods, that the same shall, when the entry aforesaid is for exportation by sea, be actually exported to the place provided for in said entry, and when the entry aforesaid is for exportation by land or inland navigation, shall be landed and delivered at the place for which they are entered outwards, unless in either case the said goods were after leaving Canada lost and destroyed, and that such proof or certificate that such goods have been so exported, landed or delivered, or lost and destroyed, as the case may be, as shall be required by any regulation of the Minister, shall be produced to the Collector or other proper officer within a period to be appointed in such bond. This proviso, however, shall not apply to wines and spirituous liquors in a Canadian port, without entry thereat for warehouse and for no other purpose than their transportation *in transitu* on a through bill of lading, from a port outside of Canada to another port of destination outside of Canada via a Canadian port or ports.”

7. Resolved, That it is expedient to amend section one hundred and two of the said Act by inserting the words “or in such bond” between the word “exportation” and the word “there” in the second line thereof, and by adding at the end of the said section the words “and if security by bond is given, the said bond may be cancelled.”

CUSTOMS TARIFF

1. Resolved, That The Customs Tariff, 1907, be amended, by repealing Section 12A, added thereto by Section 5 of The Customs Tariff Amendment Act, 1921, and by inserting in place thereof the following Section:—

12A. The Governor in Council may from time to time as he deems it expedient, order that goods of any description or class specified in such order, imported into Canada, shall be marked, stamped, branded or labelled in legible English or French words, in a conspicuous place that shall not be covered or obscured by any subsequent attachments or arrangements, so as to indicate the country of origin. Said marking, stamping, branding, or labelling shall be as nearly indelible and permanent as the nature of the goods will permit.

All orders made by the Governor in Council under this Section shall have effect from and after the day on which the same are published in The *Canada Gazette*, or from and after such later day as

is appointed for the purpose in such orders, and during such time as is therein expressed, or if no time is expressed for that purpose, then until the same are revoked or altered.

Provided that all such goods imported into Canada after the date of the coming into force of any such order of the Governor in Council which do not comply with the requirements of such order, shall be subject to an additional duty of ten per centum ad valorem to be levied on the value for duty purposes, and in addition such goods shall not be released from Customs possession until they have been so marked, stamped, branded or labelled under Customs supervision at the expense of the importer.

Provided further that if any person shall violate any of the provisions so established relating to the marking, stamping, branding or labelling of any such imported goods, or shall deface, destroy, remove, alter, or obliterate any such marks, stamps, brands or labels, with intent to conceal the information given by or contained in such marks, stamps, brands or labels, he shall be liable on summary conviction to a penalty not exceeding one thousand dollars, or to imprisonment not exceeding one year, or to both fine and imprisonment.

The Minister of Customs and Excise may make such regulations as are deemed necessary for carrying out the provisions of this Section and for the enforcement thereof.

2. Resolved, That schedule A to The Customs Tariff, 1907, as amended by Chapter twenty-six of the Statutes of 1914, by Chapter five of the Statutes of 1914 (second session), by Chapter seventeen of the Statutes of 1918, by Chapter forty-seven of the Statutes of 1919, by Chapter twenty-seven of the Statutes of 1921, and by Orders in Council, be further amended by striking thereout tariff items:—20, 21, 22, 23, 134, 143, 208, 219a, 220, 326, 398, 399, 427, 445, 446, 446b, 447, 448, 517, 520, 521, 522, 523, 565, 566, 567, 568, 575, 591, 611, 611a, 612, 619, 621, 631, 638a, 657a, 660, 682, 705a, the several enumerations of goods respectively, and the several rates of duties of Customs, if any, set opposite each of said items, and to repeal section (b) of the Orders in Council, P.C. 2654, dated twenty-seventh day of November, 1907, designated as item 715 of The Customs Tariff, section 2 (b) of Orders in Council, P.C. 16/1556, dated fifth day of June, 1912, designated as item 762 of The Customs Tariff, P.C. 224 and P.C. 2/233, dated thirtieth day of January, 1919, and P.C. 383, dated twentieth day of February, 1919, and to provide that the following items, enumerations and rates of duty be inserted in schedule A:—

Tariff Items		British Preferential Tariff	Intermediate Tariff	General Tariff
20	Cocoa paste or "liquor" and chocolate paste or "liquor", not sweetened, in blocks or cakes, per pound.....	3 cents	4 cents	5 cents
21	Cocoa paste or "liquor" and chocolate paste or "liquor", sweetened, in blocks or cakes, not less than two pounds in weight, per pound.....	4 cents	4½ cents	5½ cents
22	Preparations of cocoa or chocolate in powder form.....	22½ p.c.	27½ p.c.	35 p.c.

[illegible]

Tariff Items		British Preferential Tariff	Inter- mediate Tariff	General Tariff
197a	Super-calendered or machine finish grades of book paper, not coated, when used exclusively in the production of magazines, newspapers and periodicals printed, published or issued regularly, under regulations prescribed by the Minister of Customs and Excise.....	12½ p.c.	22½ p.c.	25 p.c.
198a	Coated papers, when used exclusively in the production of magazines, newspapers and periodicals printed, published and issued regularly, under regulations prescribed by the Minister of Customs and Excise.....	17½ p.c.	32½ p.c.	35 p.c.
199a	Paper milk bottle caps, printed or not.	15 p.c.	25 p.c.	27½ p.c.
208	Boracic acid and borax in packages of not less than twenty-five pounds weight; hydro-fluosilicic acid; oxalic acid; tannic acid; ammonia, sulphate of; sal ammoniac and nitrate of ammonia; cyanide of potassium; cyanide of sodium and cyanogen bromide; antimony salts, viz.:—tartar emetic, chlorine and lactate (antimonine); arsenous oxide; oxide of cobalt; oxide of tin; bichloride of tin; tin crystals; oxide of copper; precipitate of copper, crude; sulphate of copper (blue vitriol); verdigris or subacetate of copper, dry; sulphate of iron (copperas); sulphate of zinc; chloride of zinc; sulphur and brimstone, crude or in roll or flour; cream of tartar, in crystals or argols; tartaric acid crystals; iodine, crude; bromine; phosphorus; sulphide of arsenic; carbon bisulphide.....	Free	Free	Free
210c	Caustic soda in solution.....	15 p.c.	17½ p.c.	17½ p.c.
219a	Non-alcoholic liquid preparations for disinfecting, dipping or spraying, n.o.p.....	10 p.c.	15 p.c.	20 p.c.
220	All medicinal, chemical and pharmaceutical preparations, compounded of more than one substance, including patent and proprietary preparations, tinctures, pills, powders, troches, lozenges, syrups, cordials, bitters, anodynes, tonics, plasters, liniments, salves, ointments, pastes, drops, waters, essences and oils, n.o.p.:—			
	(a) When dry.....	20 p.c.	25 p.c.	25 p.c.
	(b) Liquid, when containing not more than two and one-half per centum of proof spirit.....	25 p.c.	40 p.c.	40 p.c.
	(c) All other.....	60 p.c.	60 p.c.	60 p.c.
	Provided that drugs, pill-mass and preparations, not including pills or medicinal plasters, recognized by the British or the United States pharmacopoeia, or the French Codex as official, shall not be held to be covered by this item;			

Tariff Items		British Preferential Tariff	Inter- mediate Tariff	General Tariff
	Provided, also, that any article in this item, containing more than forty per cent of proof spirit shall be rated for duty at..... per gallon and	\$3.00 30 p.c.	\$3.00 30 p.c.	\$3.00 30 p.c.
236a	Paper refills for sputum cups; paper pocket sputum cups.....	12½ p.c.	17½ p.c.	20 p.c.
272a	Gasoline .725 specific gravity and heavier, but not heavier than .770 specific gravity at 60 degrees temperature; oils, coal and kerosene, distilled, known as "engine distillate" .725 specific gravity and heavier, but not heavier than .770 specific gravity at 60 degrees temperature per gallon..	½ cent	¾ cent	1 cent
326	Glass demijohns or carboys, bottles, n.o.p., decanters, flasks, phials, glass jars and glass balls, lamp chimneys, glass shades or globes; cut, pressed, moulded or crystal glass tableware, decorated or not; blown glass tableware and other cut glass ware.....	20 p.c.	30 p.c.	32½ p.c.
326b	Glass milk bottles.....	15 p.c.	25 p.c.	27½ p.c.
344a	Dairy tin hollow-ware, including cans for fresh milk or fresh cream; kitchen tin hollow-ware, not painted, decorated or japanned.....	12½ p.c.	17½ p.c.	20 p.c.
399	Wrought or seamless iron or steel tubing, plain or galvanized, threaded and coupled or not, ten inches or less in diameter, n.o.p.....	15 p.c.	27½ p.c.	30 p.c.
427	Agate, granite or enamelled iron or steel ware.....	20 p.c.	27½ p.c.	35 p.c.
445	Mowing machines, harvesters, self-binding or without binders, binding attachments, reapers, and complete parts thereof, not including shafting or malleable iron castings.....	7½ p.c.	10 p.c.	10 p.c.
446	Cultivators, harrows, horse-rakes, seed-drills, manure spreaders and weeders and complete parts thereof..	10 p.c.	12½ p.c.	12½ p.c.
446b	Ploughs and complete parts thereof....	10 p.c.	15 p.c.	15 p.c.
447	Portable engines with boilers, in combination, horse-powers and traction engines for farm purposes, n.o.p., and complete parts thereof.....	12½ p.c.	17½ p.c.	17½ p.c.
447a	Gas or gasoline traction engines for farm purposes, valued at not more than fourteen hundred dollars each, and parts thereof for repairs; traction attachments designed and imported to be combined with automobiles in Canada for use as traction engines for farm purposes and parts thereof for repairs.....	Free	Free	Free
447b	Wind-stackers, and threshing machine separators, including baggers, weighers and self-feeders therefor, and complete parts thereof.....	10 p.c.	15 p.c.	15 p.c.

Tariff Items		British Preferential Tariff	Inter- mediate Tariff	General Tariff
448	Fruit or vegetable grading machines, incubators for hatching eggs, brooders for rearing young fowl, pruning hooks, pruning shears, hay loaders, potato-diggers, fodder or feed cutters, grain crushers, fanning mills, hay tedders, farm or field rollers, post hole diggers, snaths, and other agricultural implements, n.o.p., and complete parts of articles specified in this tariff item.....	10 p.c.	15 p.c.	15 p.c.
448a	Milking machines, milking machine attachments, centrifugal machines for testing butter fat, milk or cream and complete parts of articles specified in this item.....	10 p.c.	15 p.c.	15 p.c.
448b	Street or road rollers and complete parts thereof.....	12½ p.c.	20 p.c.	20 p.c.
453b	Machinery for sawing lumber, up to but not including the point of planing, and complete parts thereof, not to include motive power.....	15 p.c.	22½ p.c.	25 p.c.
454a	Adzes, cleavers, hatchets, metal wedges, sledges, hammers, crowbars, cantdogs and track tools, picks, mat-tocks, and eyes or poles for the same; tools of all kinds, n.o.p.....	15 p.c.	27½ p.c.	30 p.c.
460a	Plungers or valves made of porcelain for pumps to be used exclusively in mining operations.....	Free	Free	Free
517	Window shade or blind rollers.....	20 p.c.	30 p.c.	35 p.c.
520	Batts, batting and sheet wadding of wool, cotton or other fibre, cotton warps and cotton yarns, dyed or not, n.o.p.....	15 p.c.	22½ p.c.	25 p.c.
521	Grey cotton fabrics and fabrics of flax, unbleached, n.o.p.....	12½ p.c.	22½ p.c.	25 p.c.
522	White cotton fabrics, and fabrics of flax, bleached, n.o.p.; tailors' hollands of linen and towelling of linen or cotton in the web, coloured or not....	15 p.c.	22½ p.c.	25 p.c.
523	Fabrics of cotton or flax, printed, dyed or coloured, n.o.p.....	22½ p.c.	30 p.c.	32½ p.c.
543a	Linen yarn, when imported by manufacturers of tailors' hollands of linen, for use exclusively in the manufacture of tailors' hollands of linen in their own factories.....	Free	Free	Free
565	Blankets of any material.....	22½ p.c.	30 p.c.	35 p.c.
566	Flannels, plain, not fancy; fabrics of wool or of cotton and wool, commonly described and sold as lustres, mohair, alpaca and Italian linings....	20 p.c.	30 p.c.	35 p.c.
567	Fabrics, manufactures, wearing apparel and ready-made clothing composed wholly or in part of wool, worsted, the hair of the goat, or other like animal, n.o.p.; cloths, doeskins, cassimeres, tweeds, coatings, over-coatings and felt cloth, n.o.p.....	27½ p.c.	35 p.c.	35 p.c.

Tariff Items		British Preferential Tariff	Intermediate Tariff	General Tariff
568	Knitted undershirts, knitted drawers and knitted goods, n.o.p.....	20 p.c.	30 p.c.	35 p.c.
575	Embroideries, n.o.p.; lace, n.o.p.; braids, n.o.p.; tapes of cotton or linen not over one and one-quarter inches in width, not including measuring tape lines; fringes, n.o.p.; cords; elastic, round or flat; garter elastic, tassels; handkerchiefs of all kinds, lace collars and all manufactures of lace; nets and nettings of cotton, linen, silk and other material, n.o.p.; shams and curtains, when made up, trimmed or untrimmed.....	25 p.c.	32½ p.c.	35 p.c.
575a	Corsets of all kinds; linen or cotton clothing, n.o.p.....	22½ p.c.	32½ p.c.	35 p.c.
575b	Oiled clothing and oiled hats made from cotton or linen.....	20 p.c.	30 p.c.	30 p.c.
581a	Silk cloth woven in the gum, not boiled or bleached, measuring not less than twenty inches in width, when imported for the purpose or being dyed and finished in Canada, under regulations prescribed by the Minister of Customs and Excise.....	10 p.c.	17½ p.c.	30 p.c.
590a	Aeroplanes and other aircraft and complete parts thereof, under regulations prescribed by the Minister of Customs and Excise..... And on and after July 1, 1923	Free 15 p.c.	25 p.c. 25 p.c.	27½ p.c. 27½ p.c.
591	Farm wagons and complete parts thereof	10 p.c.	15 p.c.	17½ p.c.
611	Boots and shoes, pegged or wire fastened, with unstitched soles close edged.....	15 p.c.	22½ p.c.	25 p.c.
611a	Boots, shoes, slippers and insoles of any material, n.o.p.....	17½ p.c.	27½ p.c.	30 p.c.
612	Harness and saddlery, including horse boots.....	17½ p.c.	27½ p.c.	30 p.c.
619	India-rubber clothing and clothing made water-proof with india-rubber; rubber or gutta percha hose, and cotton or linen hose lined with rubber; rubber mats or matting and rubber packing.....	20 p.c.	30 p.c.	35 p.c.
621	Window shade cloth in the piece; window shades, cut to size or hemmed or mounted on rollers, n.o.p....	20 p.c.	30 p.c.	35 p.c.
631	Collars and cuffs, of cotton, linen, xylonite, xyolite or celluloid.....	20 p.c.	35 p.c.	37½ p.c.
638a	Hatters' bands (not cords) and hat sweats; hatters' tips and sides when cut to shape; and cashmere when cut to shape for underbrims and hat covers. All articles in this item when imported by hat and cap manufacturers for use exclusively in the manufacture of hats and caps in their own factories.....	Free.	Free.	Free.

Tariff Items	—	British Preferential Tariff	Inter- mediate Tariff	General Tariff
657a	Cinematograph or moving picture films, positives, one and one-eighth of an inch in width and over,			
	per linear foot	1½ cents	3 cents	3 cents
657b	Special parts, in the rough, when imported by manufacturers of cameras, for use only in the manufacture of cameras.....	5 p.c.	7½ p.c.	7½ p.c.
660	Clothes wringers for domestic use, and parts thereof.....	20 p.c.	30 p.c.	32½ p.c.
682	Fish hooks, for deep-sea or lake fishing, not smaller in size than number 2-0; bank, cod, pollock and mackerel fish lines; and mackerel, herring, salmon, seal, seine, mullet, net and trawl twine in hanks or coil, barked or not,—in variety of sizes and threads,—including gilling thread in balls, and head ropes for fishing nets; barked marline, and net norsels of cotton, hemp, or flax; and fishing nets or seines, and manila rope, not exceeding one and one-half inches in circumference, when used exclusively for the fisheries, not to include hooks, lines, nets or rope commonly used for sportsmen's purposes.....	Free	Free	Free
705a	Settlers' effects, viz.:—Machines, vehicles and implements for agricultural purposes, moved by mechanical power, and motor vehicles, valued at not more than one thousand dollars, and boats for fishing purposes if actually owned abroad by the settler for at least six months before his removal to Canada, and subject to regulations prescribed by the Minister of Customs and Excise. Provided that the said machines, vehicles, implements and boats may not be so entered unless brought by the settler on his first arrival, and shall not be sold or otherwise disposed of without payment of duty until after twelve months' actual use in Canada.....	Free	Free	Free

3. Resolved, That schedule B to The Customs Tariff, 1907, as amended by Chapter forty-seven of the Statutes of 1919, be amended by striking thereout tariff item 1026, the enumeration of goods, and the rate of drawback of customs duties set opposite to the said item, and to provide that the following items, enumerations and rates of drawback of customs duties be inserted in said schedule B:—

Item No.	Goods	When subject to drawback	Portion of Duty (Not including Special Duty or Dumping Duty) Payable as Drawback
1026	Materials, including all parts not finished.	When used in the manufacture of goods enumerated in tariff items 446, 446b, 447b 448 and 448a.....	40 p.c.
1027	Materials, including all parts not finished.	When used in the manufacture of goods enumerated in tariff items 447, 448b, and 591.....	30 p.c.
1028	Materials, including all parts.	When used in the manufacture of goods enumerated in tariff item 447a.....	99 p.c.
1029	Hatters' plush of silk or cotton; and hatters' bindings.	When imported by hat and cap manufacturers and used in the manufacture of hats and caps in their own factories.....	99 p.c.
1030	Materials.....	When used in the manufacture of surgical trusses, suspensory bandages and elastic hosiery..	50 p.c.

4. Resolved, That schedule C (prohibited goods) to The Customs Tariff, 1907, shall be amended by adding the following:—

- 1214 (a) Common mongoose (*Herpestes griseus*) or mongoose of any kind;
- (b) Common Mynah, Chinese Mynah, Crested Mynah, or any other species of the Starling family (*Sturnidæ*);
- (c) Java sparrow, rice bird, nutmeg finch, or other species of the weaver bird family (*Ploceidæ*);
- (d) European Chaffinch (*Fringilla coelebs*);
- (e) Great titmouse (*Parus major*).

5. Resolved, That any enactment founded on the foregoing resolutions shall be deemed to have come into force on the twenty-fourth day of May, one thousand nine hundred and twenty-two, and to have applied to all goods mentioned in the foregoing resolutions imported or taken out of warehouse for consumption on and after that day, and to have also applied to goods previously imported for which no entry for consumption was made before that day.

INLAND REVENUE ACT

1. Resolved, That it is expedient to amend The Inland Revenue Act, as amended by chapter six of the Statutes of 1914, and chapter twenty-eight of the Statutes of 1913 by repealing subsections (e), (f),

(g) and (h) of section two hundred and seventy-nine thereof and substituting therefor the following:—

279 (e) On cigars of all descriptions, made from raw leaf tobacco, three dollars per thousand;

(f) On all cigars when put up in packages containing less than ten cigars each, four dollars per thousand;

(g) On cigarettes made from raw leaf tobacco or any substitute therefor, weighing not more than three pounds per thousand, seven dollars and fifty cents per thousand;

(h) On cigarettes made from raw leaf tobacco or any substitute therefor, weighing more than three pounds per thousand, twelve dollars and fifty cents per thousand;

2. Resolved, That it is expedient to amend The Inland Revenue Act by striking out of the said Act section three hundred and twenty-eight A, as enacted by chapter twenty-eight of the Statutes of 1918, and by striking out of said Act section three hundred and twenty-eight B, as enacted by chapter fifty-two of the Statutes of 1920.

3. Resolved, That any enactment founded on the preceding resolutions shall be deemed to have come into force on the twenty-fourth day of May, one thousand nine hundred and twenty-two.

4. Resolved, That it is expedient to amend The Inland Revenue Act as amended by chapter six of the Statutes of 1914 and chapter thirty-four of the Statutes of 1921, and to provide:—

That when any druggist is licensed by the Minister of Customs and Excise to prepare prescriptions for medicines and pharmaceutical preparations in the manufacture or preparation of which spirits are used, where such spirits are purchased for such purposes by a druggist so licensed the following duties of excise shall be imposed, levied and collected, that is to say:—

On spirits testing not less than fifty per centum over proof in such limited quantities as may be prescribed by the Minister of Customs and Excise—

(a) When the material used in the manufacture thereof consists of not less than ninety per centum, by weight of raw or unmalted grain, or when manufactured from sugar, syrup, molasses or other saccharine matter not otherwise provided for, on every gallon of the strength of proof by Sykes' hydrometer, two dollars and forty cents and so in proportion for any greater strength than the strength of proof, and for any less quantity than a gallon;

(b) When manufactured exclusively from malted barley, taken to the distillery in bond and on which no duty of customs or excise has been paid, or when manufactured from raw or unmalted grain, used in combination, in such proportions as the Department prescribes, with malted barley taken to the distillery in bond and on which no duty of customs or of excise has been paid, on every gallon of the strength of proof by Sykes' hydrometer, two dollars and forty-two cents, and so in proportion for any greater strength than the strength of proof and for any less quantity than a gallon;

(c) When manufactured exclusively from molasses, syrup, sugar or other saccharine matter, taken to the distillery in bond and on which no duty of customs has been paid, on every gallon of the

strength of proof by Sykes' hydrometer, two dollars and forty-three cents, and so in proportion for any greater strength than the strength of proof and for any less quantity than a gallon.

(d) Where such spirits are purchased from a Government vendor or other person lawfully authorized to sell the same and where the duties imposed by law have been paid thereon, the said druggist may be entitled to a drawback of all such duty in excess of the rates of duties set forth in this resolution.

5. Resolved, That it is expedient to provide that no person shall receive spirits under the preceding section without a license of the Minister of Customs and Excise, that there shall be payable for such license a fee of two dollars per annum and that a license shall not continue beyond the end of a fiscal year unless renewed; and to provide that a licensee shall jointly with a guaranty company approved by the Department enter into a bond to His Majesty in the sum of one thousand dollars which bond shall be conditioned that the licensee shall use all spirits specified in these resolutions exclusively in the preparation of prescriptions and pharmaceutical preparations on his own premises and that he shall keep books and accounts and make such entries and returns as are called for by the regulations of the Department and to faithfully comply with all the requirements of such regulations; and to provide that a person who violates any of the provisions of these resolutions or of any regulations of the Department made thereunder shall incur a penalty not exceeding two hundred dollars recoverable in the manner prescribed for recovery of penalties in the Inland Revenue Act and that in addition he may incur other penalties under the provisions of the said Act; and also that if a licensee is convicted for any violation of these resolutions his license shall be cancelled and shall not be renewed within a period of two years from the date of conviction; and to provide that the Minister of Customs and Excise may make such regulations as are deemed necessary for carrying out the provisions of these resolutions.

6. Resolved, That any enactment founded on the preceding resolutions numbered four and five shall come into force on the first day of July, one thousand nine hundred and twenty-two.

7. Resolved, That it is expedient to amend The Inland Revenue Act, chapter fifty-one of the Revised Statutes, 1906, as amended by chapter six of the Statutes of 1914, and chapter thirty-four of the Statutes of 1921, by adding the following:—

There shall be imposed, levied and collected on all sugar produced in Canada from sugar beets, the following duties of excise:—

Sugar, sugar drainings, melado, sugar concrete and molasses testing over fifty-six degrees and not exceeding seventy-five degrees of polarization, per one hundred pounds. 12 cents,
and for each additional degree over seventy-five degrees, per hundred pounds. $\frac{1}{2}$ cent.

Provided that fractions of five-tenths of a degree or less shall not be subject to the duty and that fractions of more than five-tenths shall be subject to the duty as a degree. Provided that such duty of excise shall not be payable when such sugar is exported.

8. Resolved, That it is expedient to provide that no person shall produce sugar in Canada from sugar beets without a license and that a fee of two dollars per annum be paid for such license and to further provide that all the provisions of Part II of The Inland Revenue Act respecting licenses and the obligations of persons holding them, the keeping of books or accounts, the payment of duties and making returns and the general regulations as to bonding and warehousing, so far as applied by departmental regulations, and all provisions respecting penalties, so far as applicable, shall have full force and effect with respect to the manufacture of sugar made from sugar beets.

9. Resolved, That any enactment founded on the preceding resolutions numbered seven and eight shall be deemed to have come into force on the first day of January, one thousand nine hundred and twenty-three.

SPECIAL WAR REVENUE ACT

1. Resolved, That it is expedient to amend The Special War Revenue Act, 1915, as amended by chapter forty-six of the Statutes of 1918, chapter seventy-one of the Statutes of 1920, and chapter fifty of the Statutes of 1921, and to provide:—

1. That subsection two of section five of the said Act be amended by removing purely mutual companies from the class of companies exempt from the tax imposed by said subsection, and by adding to said section five the following subsections:—

“(11) Every person resident in Canada, who insures his property situate in Canada, or any property situate in Canada in which he has an insurable interest, with any British or foreign company or British or foreign underwriter or underwriters, not licensed under the provisions of the Insurance Act, 1917, to transact business in Canada, or with any association of persons formed for the purpose of exchanging reciprocal contracts of indemnity upon the plan known as inter-insurance and not licensed under the provisions of the Insurance Act, 1917, the chief place of business of which association or of its principal attorney-in-fact is situate outside of Canada, shall on or before the thirty-first day of December in each year pay to the Minister for the Consolidated Revenue Fund, in addition to any other tax payable under any existing law or statute, a tax of five per centum of the total net cost to such person of all such insurance for the preceding calendar year, and for the purposes of this section every corporation carrying on business in Canada shall be deemed to be a person resident in Canada.

“(12) Every person to whom this section applies shall on or before the thirty-first day of December in each year make a return in writing to the Superintendent of Insurance stating the names of the companies, societies of underwriters or associations with whom the insurance was effected by him or on his behalf, the amount of such insurance and the net cost thereof in each case.

“(13) Every person who fails or neglects to make such return or pay to the Minister within the time limited by subsection (11) hereof the tax hereby imposed, shall incur a penalty of fifty dollars for each and every day during which such default continues.”

2. Resolved, That subsections two and three of section eight of the said Act be amended by providing that the tax imposed on cable companies and telegraph companies shall be increased from a sum equal to one cent upon each despatch or message therein mentioned to a sum equal to three cents upon each such despatch or message; and that every company may charge the three cents to and collect the same from the person paying or liable to pay the regular charges for the transmission of the despatch or message, and that any enactment founded on this paragraph shall come into force on the first day of July, one thousand nine hundred and twenty-two.

3. Resolved, That it is expedient to amend section 12 of the said Act by striking thereout subsections two and four and substituting the following:—

(2) No person shall issue a cheque payable at or by a bank unless there is affixed thereto an adhesive stamp or unless there is impressed thereon by means of a die a stamp of the value of, if the amount of money for which the cheque is issued

(i) does not exceed \$50.two cents

(ii) exceeds \$50, for every \$50 or fraction thereoftwo cents
but not to exceed in any case.two dollars,

and every adhesive stamp affixed to a cheque shall be cancelled by the bank at which the cheque is payable at or before the time of payment.

“(4) No person shall sign a receipt for money paid to him by a bank chargeable against a deposit of money in the bank to his credit until he has affixed to the receipt an adhesive stamp or unless there is impressed thereon by means of a die a stamp of the value of, if the amount of the money for which the receipt is signed

(i) does not exceed \$50.two cents

(ii) exceeds \$50, for every \$50 or fraction thereof.two cents
but not to exceed in any case .two dollars,

and every adhesive stamp affixed to such receipt shall be cancelled by the bank at the time the money is paid.”

4. Resolved, That it is expedient to amend section 12 of the said Act by striking thereout paragraph (b) of subsection 3 as enacted by chapter seventy-one of the Statutes of 1920, and substituting the following:—

“(b) If a bill of exchange transferred or delivered to a bank or issued by a bank is payable on demand, or at sight, or on presentation, or within three days after date or sight,

such bill shall, for the purpose of the value of the stamp to be affixed thereto or impressed thereon, be deemed to be drawn for an amount not exceeding five thousand dollars."

5. Resolved, That it is expedient to amend section 12 of the said Act by providing that wherever subsections 3 (a), 3 (c), 3 (d) and 3 (f) of said section 12, as enacted by chapter seventy-one of the Statutes of 1920, provide for payment of a tax at the rate of two cents for every one hundred dollars, the said subsections be amended to provide that the tax shall be at the rate of two cents for every fifty dollars of the bills, notes, advances or overdrafts therein mentioned.

6. Resolved, That it is expedient to amend section 12 of the said Act by striking thereout subsection 13, as enacted by chapter seventy-one of the Statutes of 1920, and substituting the following:—

"(13) No person shall sell or transfer the stock or shares of any association, company or corporation, or any bond, other than a bond of the Dominion of Canada issued exempt from any taxes imposed in pursuance of any legislation enacted by the Parliament of Canada or subject to any agreement specifying the amount of fee to be paid on transfer thereof, by agreement for sale, entry on the books of the association, company or corporation, by delivery of share certificates or share warrants or bond endorsed in blank or bond payable to bearer, or in any other manner whatsoever, or accept the transfer or delivery of any stock, share or bond unless in respect of such sale or transfer there is affixed to or impressed upon such stock, shares or bond, or a document showing the transfer or agreement to transfer thereof, an adhesive stamp, or a stamp impressed thereon by means of a die, of the value of three cents for every one hundred dollars or fraction thereof of the par value of the stock, shares or bond sold or transferred. Provided that in case of sale where the evidence of transfer is shown only by the books of the Company the stamp shall be placed or impressed upon such books; and where the change of ownership is by transfer of the certificate or bond the stamp shall be placed or impressed upon the certificate or bond; and in case of an agreement to sell or where the transfer is by delivery of the certificate or bond assigned in blank or bond payable to bearer there shall be made and delivered by the seller to the buyer a bill or memorandum of such sale, to which the stamp shall be affixed or impressed; and every bill or memorandum of sale or agreement to sell before mentioned shall show the date thereof, the name of the seller, the amount of the sale, and the matter or thing to which it refers, provided that the first delivery by a corporation or company of such shares or debenture stock, in order to effect an issue, or the first issue of a bond, shall not be subject to the tax proposed by this resolution; and to provide that any person who violates any of the provisions proposed by this resolution shall be liable to a penalty not exceeding five hundred dollars and that any enactment founded on this resolution shall come into force on the first day of July, one thousand nine hundred and twenty-two."

7. Resolved, That it is expedient to amend section 13 of the said Act by striking thereout subsections 2 and 3 and substituting the following:—

“(2) Every express company carrying on business in Canada shall before the issue of a money order or traveller’s cheque affix thereto an adhesive stamp of the value of, if the amount of money for which the money order or traveller’s cheque is issued

(i) does not exceed \$50two cents

(ii) exceeds \$50, for every \$50 or fraction thereoftwo cents

but not to exceed in any case .two dollars,

and the company may charge the amount of the stamps so affixed to and collect the same from the purchaser of the order or cheque or from the payee thereof. The company shall before delivery of the order or cheque cancel the stamp by writing on or across the stamp initials or other identification of the company together with the date of the issue of the order or cheque.”

“(3) No money order shall be issued under the provisions of the Post Office Act until there is affixed thereto or to the relative advice a postage stamp of the value of, if the amount of money for which the money order is issued

(i) does not exceed \$50two cents

(ii) exceeds \$50, for every \$50 or fraction thereoftwo cents

but not to exceed in any case .two dollars,

to be paid for by the purchaser of the order. The postmaster or other officer of the Post Office Department issuing the order shall cancel the stamp by impressing thereon when affixed the date stamp of the post office at which the order is issued.”

“Any enactment founded on paragraphs three, four, five, six and seven of these resolutions shall come into force on the first day of August, one thousand nine hundred and twenty-two.”

8. Resolved, That it is expedient to amend the said Act by providing that no person shall give a receipt unless there is affixed thereto an adhesive stamp or unless there is impressed thereon by means of a die a stamp of the value of two cents, which is to be cancelled by the person by whom the receipt is given before he delivers it out of his hands; that the expression “receipt” shall mean any note, memorandum or writing whereby any money amounting to \$10 or upwards, or any bill of exchange or promissory note for money amounting to \$10 or upwards is acknowledged or expressed to have been received, deposited or repaid or whereby any debt or demand or any part of a debt or demand of the amount of \$10 or upwards is acknowledged to have been settled, satisfied or discharged or which signifies or imports any such acknowledgment and whether the same is or is not signed with the name of any person; and to provide that any person who violates any of the provisions of any enactment founded on this resolution or who refuses to give a receipt

duly stamped, shall be liable to a penalty not exceeding \$100; and to provide for certain exemptions from the foregoing; and to provide that any enactment founded on this resolution shall come into force on the first day of January, one thousand nine hundred and twenty-three.

9. Resolved, That subsection one of section sixteen A of the said Act as enacted by chapter forty-six of the Statutes of 1918, be amended by adding thereto the following:

Provided that when matches are put up in packages containing not more than sixty and not less than thirty matches each, the tax shall be payable at the rate of one-half of one cent for each package, and when matches are put up in packages containing less than thirty matches each, the tax shall be payable at the rate of one-fourth of one cent per package.

10. Resolved, That section nineteen A of the said Act as enacted by chapter forty-six of the Statutes of 1918 be amended by adding thereto the following:

Provided that in computing the "duty paid value" of tea purchased in bond in the United Kingdom the amount of the customs duty payable on tea for consumption in the United Kingdom shall not be included in the value of such tea for purposes of this Act.

11. Resolved, That Order in Council 2031, dated the thirteenth day of June, 1921, shall cease to have force or effect and that subsection one of section nineteen BBB of the said Act as enacted by chapter fifty of the Statutes of 1921, be struck out and the following substituted therefor:

(1) In addition to any duty or tax that may be payable under this section, or any other statute or law, there shall be imposed, levied and collected an excise tax of two and one-quarter per cent on sales and deliveries by Canadian manufacturers or producers, and wholesalers or jobbers, and a tax of three and three quarters per cent on the duty paid value of goods imported, but in respect of sales by manufacturers or producers to retailers or consumers the excise tax payable shall be four and one-half per cent and on goods imported by retailers or consumers the excise tax payable shall be six per cent on the duty paid value.

Provided that in respect of lumber an excise tax of three per cent shall be imposed, levied and collected on sales and deliveries by the Canadian manufacturer and of four and one-half per cent on importations, and that no further excise tax shall be payable on re-sale.

Provided also that the taxes specified in this section shall not apply to sales or importations of:—

Bread; flour, including self-raising flour, oatmeal, rolled oats and cornmeal; rolled wheat, buckwheat meal and pea meal; animals living; live poultry; meats and poultry, fresh; milk, including butter-milk, condensed milk, evaporated milk and powdered milk; cream; butter; cheese; oleomargarine, margarine, butterine or other substitutes for butter; lard, lard compound and similar substances, made from animal or vegetable stearine or oils; eggs; vegetables, fruits, grains and seed in their natural state; bran, shorts, middlings, alfalfa meal; oil cake, oil cake meal; grains mixed or crushed for cattle or poul-

try feed; hay; straw; hops; nursery stock; chicory, raw or green; bees; honey; sugar; molasses; salt; other farm produce sold by the individual farmer of his own production; ice; fish and products thereof not canned or medicated; ores of metals of all kinds; fuel of all kinds; gold and silver in ingots, blocks, bars, drops, sheets or plates unmanufactured; British and Canadian coin and foreign gold coin; logs and round unmanufactured timber; fence posts, railroad ties, pulpwood, tan bark, and other articles the product of the forest when produced and sold by the individual settler or farmer; newspapers and quarterly, monthly and semi-monthly magazines and weekly literary papers unbound; materials for use only in the construction, equipment and repair of ships; ships licensed to engage in the Canadian coasting trade; calcium carbide; radium; electricity; gas manufactured from coal, calcium carbide or oil for illuminating or heating purposes; materials for use solely in the manufacture of oleomargarine or any substitute for butter or lard; artificial limbs and parts thereof; artificial eyes; donations of clothing and books for charitable purposes; settlers' effects; War Veterans' badges; memorials or monuments erected in memory of soldiers who fell in the Great War; articles imported for the use of the Governor General; articles imported for the personal or official use of Consuls General who are natives or citizens of the country they represent and who are not engaged in any other business or profession; bibles, missals, prayer-books, psalm and hymn-books, religious tracts, and Sunday school lesson pictures; articles admitted to free entry under Customs Tariff item 682; manila fibre for use only in the manufacture of rope not exceeding one and one-half inches in circumference for the fisheries; boats bona fide purchased by individual fishermen for their own personal use in the fisheries; articles and materials used in the manufacture of boats bona fide built for individual fishermen for their own personal use in the fisheries; fibre for use only in the manufacture of binder twine; job printed matter produced and sold by printers or firms, whose sales of job printing do not exceed ten thousand dollars per annum; fertilizers; dried beet pulp, and the Governor in Council shall have power to add to the foregoing list of articles exempted from the excise tax on sales as he may deem it expedient or necessary to exempt from the said excise taxes.

Provided further that the excise taxes specified in this section shall not be payable on goods exported, or on sales of goods made to the order of each individual customer by a business which sells exclusively by retail; and provided that the tax as specified in this section shall be payable on sales of goods manufactured for stock by merchants who sell exclusively by retail.

A drawback may be granted of ninety-nine per cent of the said taxes paid on materials used, wrought into or attached to articles exported, provided that payment of a specific sum in lieu of such drawback may be authorized by the Governor in Council in cases where specific rates of drawback of Customs duties are granted under the provisions of section 288 of the Customs Act.

12. Resolved, That there shall be imposed, levied and collected upon goods enumerated in schedule I to this Part, when such goods are imported into Canada or taken out of warehouse on and after the twenty-fourth day of May, one thousand nine hundred and twenty-two, on the duty paid value in addition to any duty or tax

that may be payable under The Special War Revenue Act, 1915, or any other statute or law, the rate of excise tax set opposite to each item in said schedule I; and there shall also be imposed, levied and collected when any such goods are manufactured in Canada and sold on and after the twenty-fourth day of May, one thousand nine hundred and twenty-two, in addition to any duty or tax that may be payable under The Special War Revenue Act, 1915, or any other statute or law the rate of excise tax set opposite to each item in said schedule I on the price for which the same is sold.

There shall be imposed, levied and collected upon all goods enumerated in schedule II to this Part, when such goods are imported into Canada or taken out of warehouse or when any such goods are manufactured in Canada and sold on and after the twenty-fourth day of May, one thousand nine hundred and twenty-two, in addition to any duty or tax that may be payable under The Special War Revenue Act, 1915, or any other statute or law the rate of excise tax set opposite to each item in said schedule II.

Where the goods are imported such excise tax shall be paid by the importer and where the goods are manufactured and sold in Canada such excise tax shall be paid by the manufacturer; provided that if an automobile is, on the twenty-fourth day of May, one thousand nine hundred and twenty-two, in the hands of a dealer and not sold to a bona fide user the tax shall be paid by such dealer when such automobile is sold.

The Minister may require every manufacturer to take out an annual license for the purposes aforesaid, and may prescribe a fee therefor, not exceeding two dollars, and the penalty for neglect or refusal shall be a sum not exceeding one thousand dollars.

Provided that such excise tax shall not be payable when such goods are manufactured for export, under regulations prescribed by the Minister of Customs and Excise.

Provided further that the value on imported cigars shall be the duty paid value as defined in section 19A of The Special War Revenue Act, 1915; the value on cigars manufactured in Canada shall include the amount of the excise duty payable thereon.

13. Resolved, That it is expedient to amend the said Act by providing that any taxes imposed under the provisions of paragraph eleven and paragraph twelve of these resolutions on sales and deliveries by manufacturers, producers, wholesalers or jobbers shall apply to sales to and also to importations by His Majesty whether in the right of His Majesty's Government of Canada or His Majesty's Government of any province in Canada for the purpose of resale; and by providing further that under the provisions of paragraph eleven of the said resolutions the purchaser shall be furnished with a written invoice of any sale, which invoice shall state separately the amount of such tax.

14. Resolved, That section 19D of said Act as enacted by chapter forty-six of the Statutes of 1918 and subsection four of section three of chapter seventy-one of the Statutes of 1920 be struck out and the following section substituted therefor:—

(19D) Every person, who being thereto liable, neglects or refuses to pay any War Excise Tax imposed by part four of The Special War Revenue Act, 1915, shall be liable, on sum-

mary conviction, to a penalty of not less than fifty dollars and not exceeding one thousand dollars.

15. Resolved, That, notwithstanding the provisions of The Bank Act and The Bankruptcy Act, or any other statute of law, the liability to the Crown of any person, firm or corporation, for payment of the excise taxes specified in the said Special War Revenue Act, 1915, and amendments thereto shall constitute a first charge on the assets of such person, firm or corporation and shall rank for payment in priority to all other claims of whatsoever kind heretofore or hereafter arising save and except only the judicial costs, fees and lawful expenses of an assignee or other public officer charged with the administration or distribution of such assets.

16. Resolved, That any enactment founded on paragraphs numbered nine, ten, eleven, twelve and thirteen of the preceding resolutions shall be deemed to have come into force on the twenty-fourth day of May, one thousand nine hundred and twenty-two, and to have applied to all goods imported or taken out of warehouse for consumption on and after that day, and to have applied to goods previously imported for which no entry for consumption was made before that date;

Provided that any enactment founded on the aforesaid resolutions shall not apply to the excise tax provided for in Schedule I on automobiles purchased before the twenty-fourth day of May, one thousand nine hundred and twenty-two and sold by a dealer in Canada to a bona fide user prior to that date and imported and entered for consumption on or before the first day of July, one thousand nine hundred and twenty-two; and to provide further that any enactment founded on the aforesaid resolutions so far as it imposes an excise tax on beverages mentioned in Schedule I shall come into force on the first day of July, one thousand nine hundred and twenty-two.

SCHEDULE I

Automobiles adapted or adaptable for passenger use:—

- (a) valued at not more than twelve hundred dollars each. five per cent.
- (b) valued at more than twelve hundred dollars each, on the value of twelve hundred dollars. five per cent.
on the value in excess of twelve hundred dollars ten per cent.

Not to include automobiles entered as settlers' effects.

Confectionery which may be classed as candy or a substitute for candy but not to include goods packed ready for sale in cartons or other packages bearing the name of the manufacturer, selling by retail at ten cents or less per carton, nor to include candy known as "gross goods" selling by retail at one cent. five per cent.

Beverages, when containing not more than two and one-half per centum of proof spirit not in casks, bottles or other closed containers, as follows:—

Beverages derived wholly or in part from cereals or substitutes therefor, unfermented fruit juices and imitations thereof, carbonated beverages or aerated waters, all other compounded or mixed soft drinks, sold by a person conducting a soda fountain, ice cream parlour, or other similar place of business... .five per cent.

SCHEDULE II

Ale, beer, porter and stout, per gallon... .twelve and one-half cents.

Beverages when containing not more than two and one-half per centum of proof spirit, in casks, bottles or other closed containers, as follows:—

Beverages derived wholly or in part from cereals or substitutes therefor; unfermented fruit juices and imitations thereof; carbonated beverages or aerated waters; all other compounded or mixed soft drinks, per gallon... .five cents.

Cigars:—

- (a) valued at not more than forty dollars per thousand, per thousand... .fifty cents.
- (b) valued at more than forty dollars per thousand and not more than one hundred and ten dollars per thousand, per thousand... .three dollars.
- (c) valued at more than one hundred and ten dollars per thousand and not more than one hundred and fifty dollars per thousand, per thousand... .seven dollars.
- (d) valued at more than one hundred and fifty dollars per thousand and not more than two hundred dollars per thousand, per thousand... .ten dollars.
- (e) valued at more than two hundred dollars per thousand, per thousand... .sixteen dollars

INCOME WAR TAX ACT

Resolved, That it is expedient to amend subsection five (a) of section four of The Income War Tax Act, 1917, as enacted by chapter fifty-five of the Statutes of 1919, by providing that the provisions of the said subsection five (a) shall not apply to a bank as defined by section three of The Special War Revenue Act, 1915.

